

**THOROUGHBRED HORSE RACING JOCKEYS AND  
WORKERS: EXAMINING ON-TRACK INJURY IN-  
SURANCE AND OTHER HEALTH AND WELFARE  
ISSUES**

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**HEARING**  
BEFORE THE  
SUBCOMMITTEE ON  
OVERSIGHT AND INVESTIGATIONS  
OF THE  
COMMITTEE ON ENERGY AND  
COMMERCE  
HOUSE OF REPRESENTATIVES

ONE HUNDRED NINTH CONGRESS

FIRST SESSION

—————  
OCTOBER 18, 2005  
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**Serial No. 109-34**

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Printed for the use of the Committee on Energy and Commerce



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AND WORKERS: EXAMINING ON-TRACK IN-  
JURY INSURANCE AND OTHER HEALTH AND  
WELFARE ISSUES**

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**TUESDAY, OCTOBER 18, 2005**

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON ENERGY AND COMMERCE,  
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS,  
*Washington, DC.*

The subcommittee met, pursuant to notice, at 11:05 a.m., in room 2123, Rayburn House Office Building, Hon. Ed Whitfield (chairman) presiding.

Members present: Representatives Whitfield, Stearns, Bass, Walden, Burgess, Blackburn, Barton (ex officio), Stupak, Schakowsky, Inslee, and Baldwin.

Staff present: Mark Paoletta, chief counsel; Tony Cooke, majority counsel; Tom Feddo, majority counsel; Kelli Andrews, majority counsel; Alan Slobodin, majority counsel; Peter Spencer, professional staff member; Clayton Matheson, research analyst; Terry Lane, deputy communications director; Jonathan Pettibon, clerk; Michael Abraham, clerk; David Nelson, minority counsel; and Elizabeth Ertel, research assistant.

Mr. WHITFIELD. This hearing will come to order. I'm sorry, we're a few minutes late, but we had some last minute issues that came up and—but I do want to welcome you to this hearing on "Horse Racing Jockeys and Workers: Examining On-track Injury Insurance and Other Health and Welfare Issues." We're going to have three panels of witnesses today. The first panel, we have Mr. Gary Birzer, who's a professional jockey, and his wife Amy Birzer, and so we look forward to their testimony.

And before we get to their testimony, of course we will have our opening statements. And I might add that as is the custom of the Oversight and Investigations Subcommittee, we take all of our testimony under oath. And every witness is entitled to have an attorney represent them as they give their testimony and before we get to every witness, we'll certainly be swearing them in and walking them through the process. But at this time, I do want to welcome all of you once again for being with us today. I know many of you came from long distances and we appreciate very much your taking the time to be here on what we consider to be a particularly important issue.

This issue came about and came to my attention and the attention of most people that follow the industry as a result of a July

20, 2004 accident during the seventh race at Mountaineer Park Race Track in West Virginia when jockey Gary Birzer broke his back in a fall and became permanently disabled. When he turned to the organization that he believed was providing the catastrophic insurance coverage, he discovered that he and other jockeys had no coverage, even though they had paid the fees, they paid their dues to that organization. The policy had actually been allowed to lapse 2 years earlier.

Gary's story dramatically brings to light a very serious problem confronting the entire horse racing industry, and that is the need for adequate on-track insurance coverage for jockeys, for exercise riders, and other workers on the backside. In today's hearing, we'll shine a light on this problem, and as a first step in determining whether and how the Congress can help provide a solution.

I might also say that there is little real Federal oversight or regulation of the horse racing industry. And today's horse racing in the United States is a highly fragmented industry with a lot of different jurisdictions. It does have a total economic impact of \$26 billion annually and that supports hundreds of thousands of jobs, and there is a racing handle of over \$16 billion each year. But it still does not provide adequate on-track injury insurance for some of the industry's most important people and that is the jockeys.

Now today's hearing has been made by some of the witnesses, particularly relating to the Jockeys Guild, they tried to make this a rather controversial hearing, and there is no reason for this to be a controversial hearing, but there are some serious issues that we're going to be looking into.

No. 1, we're going to look into the lapse of the policy and we're going to try to find out did the Board of the Guild or the appropriate body of the Guild make a rational and valid and legal decision on allowing it to lapse? No. 2, did the Guild give adequate and legal notice to jockeys who paid dues with the full expectation that they would be covered with insurance for catastrophic coverage? Did the Guild give them adequate notice so that they did know? No. 3, there's a fund called the Disabled Jockeys Fund, and I think Mr. John Giovanni started that fund when he was the head of the Jockeys Guild, and at one point, there's \$1.3, \$1.4 million in that fund. And from that fund, the Jockeys Guild made payments to permanently disabled jockeys from time to time as the need occurred.

And under the current leadership of Dr. Gertmenian and others at the Guild, we know that the Disabled Jockeys Fund is being depleted and there has been testimony that we've heard and we've read in the testimony that over a million dollars was taken out of that fund, was asked to be moved because "we" want to leave the impression that this fund does not have adequate resources so that we can get more money. So those allegations have been made.

And then we know that when Mr. Giovanni was in charge of the Disabled Jockeys Fund and his leadership, that payments to the jockeys were made from the Fund. Checks were made from that fund to the jockeys. But under Dr. Gertmenian, it appears that the Disabled Jockeys Fund is making payments to the Guild and then the Guild is writing checks. And of course, we've asked for and subpoenaed those documents to get a better understanding of the way

that's been working and at this time, we've not received complete information.

Another issue relates to Dr. Gertmenian himself. There's some testimony, and this is not a court of law, but it is a fact-finding body, that Dr. Gertmenian has a tendency to exaggerate, to embellish and sometimes that contributes to an overall perception problem. For example, in his resume he talks about being a chief de-tente negotiator in Moscow for the National Security Council, and yet we've talked to people who have been at the National Security Council during the period that Dr. Gertmenian refers to in his Pepperdine University resume of 1974, 1975 and 1976.

We've talked to many people who have been there during that period, in fact, from 1972 through 1984, and they never heard of Dr. Gertmenian. So those are some issues that we look forward to looking at as well.

And then finally, what is the solution to this, how do we come up with a solution? We know that this committee has jurisdiction over professional sports. It was this committee that passed the first Interstate Horseracing Act that set up the infrastructure or the structure for simulcasting. So do we need a Federal solution? Is this something that is so difficult because of the fragmented industry and the different jurisdictions and something so important as health care for a sport that is so dangerous? Do we need to take some additional steps?

So that's another purpose of this hearing. And with that, I will at this time recognize the gentleman from Michigan for his opening statement.

[The prepared statement of Hon. Ed Whitfield follows:]

PREPARED STATEMENT OF HON. ED WHITFIELD, CHAIRMAN, SUBCOMMITTEE ON  
OVERSIGHT AND INVESTIGATIONS

Good morning and welcome. Today, the Oversight and Investigations Subcommittee will examine a serious health and welfare matter affecting a national sport and interstate commerce. This issue involves a recent tragic story of a professional athlete in an extremely dangerous sport. On July 20, 2004, during the seventh race at Mountaineer Park racetrack, in West Virginia, jockey Gary Birzer broke his back in a fall and became permanently disabled. When he turned to the organization that he believed was providing his catastrophic insurance coverage, he discovered that he and other jockeys had no coverage. The policy had been allowed to lapse two years earlier. Gary's story dramatically brings to light a very serious problem confronting the horse racing industry—the need for adequate on-track injury insurance for jockeys, exercise riders, and other workers on the backside. Today's hearing will shine a light on this problem and is a first step in determining whether and how the Congress can help provide a solution.

Because of the dangerous nature of horse racing, serious injuries are common among the people who race, ride, or care for these massive and powerful animals. Unfortunately, the various states' workers' compensation programs do not cover many workers in the horse racing industry. Given the nature of these jobs—jockeys and exercise riders, especially—the law has historically considered them to be independent contractors. Only four of 38 racing jurisdictions—Maryland, New York, California, and New Jersey—have attempted to address this problem by creating special workers' compensation funds for jockeys and exercise riders. Some, like New York, have been more successful than others in addressing the problem.

Additionally, there is little real federal oversight or regulation of the horse racing industry. Thus, today horse racing in the United States is a highly fragmented industry generating a total economic impact of \$26 billion annually, that supports hundreds of thousands of jobs and sees a racing "handle" of \$16 billion each year, but does not provide adequate on-track injury insurance for some of the industry's most important people. Let me be clear—without the jockeys and backside workers, there would be no horse racing. All of those other jobs would not exist.

Let me also make clear: the primary purpose of this hearing is to address the health and welfare issues of jockeys and other workers most susceptible to serious injury in this industry. I am interested in learning whether the federal government can make a difference in the public health issues that these workers face, and whether we need to consider some sort of national governing body to oversee the professional sport of horse racing. In pursuit of these concerns, we are planning a second day of this hearing in early November to take testimony from the Thoroughbred Racing Association, Churchill Downs, Mountaineer Park, and some of the industry's health and welfare organizations. These organizations have already been invited and confirmed their participation. We will have tough and pointed questions for them as well. All of these players in the industry share in the responsibility for taking care of these individuals.

Today we will examine the adequacy of on-track injury insurance and whether a federal solution could be helpful. Such an inquiry entails focusing on the vital role that the Guild has historically played in ensuring that its members had adequate on-track injury insurance. The Guild is an association that has sought to promote the health and welfare of its members since the 1940s. In recent times, the Guild secured on-track insurance coverage through membership dues received from its members—"mount fees"—as well as payments totaling millions of dollars from many racetracks around the country in consideration for the use of Guild members' media rights. The Guild's on-track injury insurance covered jockeys when they weren't riding in the states that had workers' compensation programs. The policy provided \$1 million dollars in coverage per accident.

In April 2002, however, when the policy came up for renewal, the Guild chose not to renew it. I have many questions: who made this decision? for what reason? were members adequately notified? Since the Birzer accident, the Guild has frequently told its members, the press, and this Subcommittee that the Guild could not afford the policy, and that the policy did not cover all jockeys. When staff interviewed Dr. Gertmenian, he also stated that the Guild could not afford the policy. But when staff interviewed the Guild's Vice President, Albert Fiss, he admitted that the Guild could have afforded to renew the policy, but that the decision to let the insurance lapse was a "business decision." This past May, in another letter to the Subcommittee, the Guild's general counsel, Mr. Lloyd Ownbey, stated that "the Board and Dr. Gertmenian agreed there was no justification to buy a new policy after it expired when the Guild and its jockeys had more important needs." What could have been more important than maintaining insurance for its members in the event of a catastrophic injury?

The Guild has provided sworn answers in federal litigation stating that the Board made the decision to let the policy lapse. Likewise, in an April 2005 letter to this Subcommittee, Mr. Ownbey stated "the Board of the Guild voted not to renew that insurance policy in April 2002 on the recommendation of Dr. Gertmenian. The decision to let it lapse [was] communicated to Guild members." However, in an article published just last Friday in BusinessWeek Dr. Gertmenian apparently admits there was no formal notification about the policy lapse.

With respect to the Board having made this decision, our work indicates otherwise—that is, the Board was apparently never involved. In fact, three members of that former Board are here today, and I will ask them to testify about this and other issues.

What we do know at this point, is that the policy was allowed to lapse. Many jockeys interviewed by staff have said they were never notified of this decision. Some of these riders risk their lives in competitive races nearly 2000 times a year. And yet, these jockeys have told us they only learned of the lapsed insurance policy after Gary Birzer's tragic accident. We will hear very moving testimony from Gary and his wife, Amy, today on our first panel.

I find the treatment of the Birzers particularly reprehensible. They asked for the Guild's assistance with their medical bills, counting on the insurance for which Gary thought his dues to the Guild had been paying. Not only were they shocked to learn that the Guild no longer had the policy, but that, in the words of Albert Fiss, Gary was being used as a "guinea pig" to make a statement to the industry. The Guild management insists that on-track insurance is the exclusive responsibility of the racetracks.

While I intend to find a solution to this problem, and to hold the racetracks accountable, the immediate issue is here, with the Guild's responsibilities. There is no excuse for this profound breach of trust by the Guild. It had a responsibility to its members—to promote their health and welfare. Instead, the Guild removed an injury insurance policy, without any replacement, and with full knowledge of the risks taken thousands of times each year by jockeys. I am appalled that their lead-

ership would consider the removal of their on-track insurance, without an adequate replacement, to be a simple business decision.

Our second panel of witnesses will provide the opportunity for us to hear, first hand, what several jockeys—including several who are currently members of the Racing Hall of Fame—think of that decision. They will also testify about the dangers of their sport, the safety and health concerns that they have, and their involvement with the Jockeys' Guild—both the current and previous administrations. Their testimony will be invaluable as we examine the public health issues that this professional sport faces.

Finally, today we will hear from the Guild's current management—Dr. Gertmenian and Mr. Fiss—as well as the Guild's general counsel, Mr. Ownbey. Since we began this investigation the Guild has failed to produce records and information in response to a lawful congressional request. In fact, this Subcommittee earlier this month authorized the issuance of subpoenas for records, and it is not altogether clear that the Guild has been fully responsive. We expect some clear answers today, about the failure to produce records in accordance with the subpoenas.

With regard to Dr. Gertmenian, there are several areas of interest that I want to explore today. First, I want to discuss the Guild's treatment of the Birzers after Gary's injury. Second, I would like some answers about the circumstances surrounding the lapse in the on-track insurance policy. Next, I think the public, and especially the jockeys, deserve some answers about your company, Matrix. No one the staff has interviewed, including yourself, has been able to describe what Matrix does for the Guild or has accomplished for the Guild, to earn its \$400,000 in annual fees. In a review of those fees, one sees that the Guild pays you \$175,000 in salary, \$7200 for a car, and \$12,000 for life insurance, on top of the \$400,000 to Matrix, a company you run out of your home, and that has no employees. Records produced in response to our subpoenas show that your daughter and her marketing firm are frequent recipients of substantial payments from Matrix.

Fourth, we need answers to certain questions about your resume. The jockeys chose to replace Mr. Giovanni, a former jockey, because they thought they were getting an experienced businessman and prominent government leader. I am not so sure that is the case. Fifth, and finally, the Subcommittee expects answers from you about the Disabled Jockeys Fund, and why it has been completely depleted of the \$1.3 million it had when you took over the Guild.

Let me extend my appreciation to all of you for appearing here today. I'd like especially to thank Gary and Amy Birzer, and Gary Donahue for their participation. Given your perspective about the needs for adequate coverage and the other pressing health and safety needs in the industry, I think your testimony today will be most useful.

I look forward to all your testimony and now turn to the distinguished Ranking Member, Mr. Stupak, for the purposes of an opening statement.

**MR. STUPAK.** Thank you, Mr. Chairman, and thank you for convening this hearing. Today, we're going to hear a story of neglect, failure and betrayal. I'm, for one, outraged that the jockeys, exercise riders and grooms that make thoroughbred racing the sport that it is could face conditions in the 21st century that most American workers have not experienced within their working lives, or their parents' working lives for that matter. The most disturbing aspect of what we will hear today concerns the failure of the Government, State and Federal, to provide fundamental legal protections to these workers which are enjoyed by their fellow citizens. Of the 38 States that permit thoroughbred racing, only four, New York, California, New Jersey and Maryland, require that the owners and operators of race tracks provide workers compensation insurance for jockeys and freelance exercise riders.

Some States do not even require that riders, grooms or other workers that are the exclusive employees of a single stable be covered by workers comp. Workers compensation insurance has been a fundamental condition of employment for almost all Americans, including those that perform their tasks under very dangerous conditions for almost a century. Yet, under the rules that the jockeys are independent contractors, most States allow the riders to bear

the risk and costs that are borne by virtually all other employers in this country.

This is compounded by a rarely issued rule by the National Labor Relations Board stating that racetrack employees will not be afforded the right to organize or bargain collectively, under Federal law, to improve their working conditions. OSHA has not issued any rules that race tracks must follow to be in compliance where there are minimal safety conditions. Today, we will also focus on the apparent betrayal of the jockeys by the current leadership to provide themselves with some of the protections that lawful unions and other responsible employers supply. That organization is the Jockeys Guild.

Anyone that has seen the movie "SeaBiscuit" knows the Guild was formed around 1940 to provide some support to disabled jockeys. The working conditions, and hence the need for the Guild to perform that support function, have not changed much in the intervening half century. Up until 2001 the Guild did a fairly good job of providing insurance for healthy jockeys and some support for both temporary and permanently disabled jockeys. On June 15, 2001 the Guild came under the effective control of Wayne Gertmenian professor of economics at Pepperdine University.

The witnesses today will tell the story of the takeover and the subsequent revocation of the traditional on-track insurance protection that was previously supplied by the Guild. They'll tell us that the usurpation of the Disabled Jockeys Fund and the bringing of the organization itself to the apparent brink of bankruptcy today. What I find very interesting is the fact the Gertmenian takeover was timed in response to a survey taken by the previous administration on whether the Guild should explore affiliation with the AFL-CIO Union in order to reacquire reasonably priced off-track health insurance.

Essentially, what happened was the Gertmenian administration took over to keep out a real union. Dr. Gertmenian will get his chance to account for his stewardship of the Guild today. It's up to the jockeys to decide his institutional fate.

Mr. Chairman, while the betrayal of the Guild management is a serious failing, it's the failings of the Government that are truly unacceptable. I expect that the jockeys appearing today will confirm what we've already learned from the staff interviews, that a number of meaningful steps can be taken to improve the safety of human participants working at race tracks. Much of what needs to be done in the way of mandating proactive safety precautions requires changes in law. I look forward to working with you as we move forward with this investigation and remedial legislation.

One thing we can do now is to bring the evidence from the witnesses to the attention of the Secretary of Health and Human Services. I request that he immediately instruct the National Institute of Occupational Safety and Health and OSHA to undertake a study of racetracks and related sites nationwide and to establish guidelines OSHA can use to hold tracks responsible for correcting the most egregious working conditions that jockeys and exercise riders must endure to practice their trade. The legal system must compel the tracks to treat their workers as Americans expect employers to behave. If we permit anything less, the Congress will have to add

its name to the list of institutions that treats riders as second-class citizens.

Mr. Chairman, I know this issue is very important to you and I have a couple of other issues I wanted to bring up on other hearings I hope we could have in the near future, but I do not want to distract from the seriousness of the hearing today, so I'd like to submit my full statement for the record.

Mr. WHITFIELD. Thank you, Mr. Stupak, and it will certainly be admitted into the record.

The Chair recognizes the gentleman from Oregon, Mr. Walden.

Mr. WALDEN. Mr. Chairman, I'm going to waive an opening statement in exchange for more time for questions.

Mr. WHITFIELD. The Chair recognizes the gentlelady, Ms. Baldwin.

Ms. BALDWIN. Thank you, Mr. Chairman. It appears that thoroughbred horse-racing jockeys occupy a rather unique and unenviable status in professional sports. The NLRB has ruled that they can't form a union because they are not anyone's employees and the racetrack owners say jockeys are independent contractors and the horse owners say don't look at us. I think it's very important that this subcommittee is undertaking an investigation into the set of circumstances that has left America's jockeys without on-track catastrophic injury insurance. And I expect that this hearing and this investigation will shed light on this topic. And I hope that we can hold those responsible accountable.

That said, I share the Chairman's sentiments that I hope this investigation and this subcommittee can produce a greater good. Let's not only hold wrongdoers accountable, let's find a solution to the problem of uninsured jockeys, particularly as it applies to on-track catastrophic coverage. And on this point we could explore a number of different options. We can remove the obstacles that prevent jockeys from being treated like other professional athletes who can form players unions. We could put the focus on track owners and operators to abandon their insistence that jockeys are independent contractors or, alternatively, at the very least, increase the ridiculously low, particularly \$100,000 per incident on-track liability coverage that most of them now maintain. We could put the focus on horse owners to take greater responsibility in providing comprehensive health care coverage, or we could, as I say over and over again on this committee, enact universal comprehensive quality affordable health care for everyone in America.

Based upon what I've learned during the course of this investigation thus far, I feel that a great wrong has been committed against America's professional jockeys, and I want justice for those who have been wronged. But I've also learned in the course of my life that a wrong is being committed against 46 million Americans, that because of the label that they bear, independent contractor, self-employed, small business owner, student, homemaker, mom, pop, poor, they find themselves among the uninsured. 46 million uninsured in America. And I hope that this hearing and investigation will lead to more than making our professional jockeys whole again, although I mightily want that to happen. I hope that we'll also lead to real suggestions and real solutions about the health

care crisis that our Nation faces and the phase in our health care safety net. Thank you, Mr. Chairman.

Mr. WHITFIELD. Ms. Baldwin, thank you very much. I might add that you'd mentioned thoroughbred racing and that was sort of the title of the hearing, but we do recognize certainly that there's a big quarterhorse racing industry, lot of jockeys who ride quarterhorses, and as I said in my opening statements, we're not focused just on jockeys here, but the backside people, the exercise riders and others. And so, we have a lot of options to look at. At this time, I recognize the gentlelady from Tennessee, Mrs. Blackburn.

Mrs. BLACKBURN. Thank you, Mr. Chairman. I will just welcome the Birzers and thank them for their time and waive statement, reserve the time for questions.

Mr. WHITFIELD. Thank you. At this time I recognize Ms. Schakowsky.

Ms. SCHAKOWSKY. Thank you, Mr. Chairman, for holding this important hearing. I want, first, to associate myself with the statement of my colleague, Ms. Baldwin from Wisconsin, in regard to the need for more comprehensive approach to health care and the need, in my view, and obviously hers, for national health care program to cover all Americans. Jockeys, exercise riders and other backside workers have long been forced to endure some of the most dangerous and undercompensated working conditions of any group of workers in this country.

Today, we will focus on the dreadful conditions that these courageous citizens must face every working day. We will also focus on the failures of the current management of the Jockeys Guild to fulfill even the most basic of its purposes, providing for the health and welfare of disabled jockeys. This is a necessary part of the subcommittee's investigation. However, there is another part that can't go ignored. The employers are not with us today. The racetracks apparently believe that they have no obligations to injured riders, save for a \$100,000 insurance policy that does not begin to address the real cost of permanent disability.

They fight any and all attempts to extend the basic right to workers compensation that the rest of us enjoy and that the State mandates for all other employers. I understand that you will hold a hearing, at least one more hearing, Mr. Chairman, for the owners and managers of tracks, including Mountaineer Track, where Gary Birzer suffered his tragic accident last year will be called to account for the treatment of the workers that make this \$26 billion per year business successful. I hope this subcommittee finishes this—I hope before this subcommittee finishes this important work, we will be able to put together bipartisan recommendations to finally address the injustices that have been the historic characteristic of the business as opposed to the sport of horse racing. Thank you, Mr. Chairman.

Mr. WHITFIELD. Thank you, Ms. Schakowsky. As I stated earlier, we're going to be open and we're going to explore every avenue to try to address this significant issue. At this time, I recognize Dr. Burgess from Texas.

Mr. BURGESS. Thank you, Mr. Chairman, for the recognition. Thank you for holding this hearing. This morning we're going to be focusing on the health and welfare of a specific class of individuals,



and I strongly believe it is the role and responsibility of this committee to address the imminent health care needs of our entire Nation. Mr. Chairman, thank you for bringing yet another specific health-related issue not only to the committee's attention, but also to the public's attention. Additionally, I would like to thank you and extend—I would like to thank and extend my sympathies in advance to those individuals and their families who are with us today, those individuals who have been injured and have graciously agreed to share their stories with us today.

Horse racing is inherently dangerous. I'm sure no one will argue with that statement, but there are also many things in life that are dangerous, and hence the reason that we try to protect ourselves and our families from the unthinkable. Yet it is truly unthinkable that the safety net we have created to protect ourselves will be taken away from us without us even knowing it.

Like we do with all insurance, these jockeys relied on the Guild to protect them. They participated in the dangerous profession for the good of the sport, believing that if something happened to them, they would be protected. For the Guild to rend that safety net and expose these jockeys to this trouble is not only unthinkable, but in my opinion, it is criminal. While I do not claim to be an expert in this industry or an expert in the law, before coming to Congress, I was just a simple country doctor, but I do know an unhealthy situation when I see one. This predicament cannot easily be cured and the remedies for the families will be difficult, but I do hope this hearing will not only expose the various ailments, but begin the slow road to recovery for this entire profession.

To do this, tough questions must be asked and answered by both the Jockeys Guild and the consulting firm Matrix Capital Associates. I look forward to what will likely prove to be a very lively discussion this morning. Again, Mr. Chairman, thank you for bringing this hearing to us so we can address some of these important concerns with regards to the health and welfare of this industry. I yield back the balance of my time.

Mr. WHITFIELD. Thank you, Dr. Burgess. At this time, I recognize the gentleman from Florida, Mr. Stearns.

Mr. STEARNS. Thank you, Mr. Chairman, thank you again for holding this hearing on catastrophic injury insurance for professional jockeys and others in the horse racing industry that you mentioned, not just the jockeys. I think the members should realize that as well as people in audience. I am from Ocala, Florida. We have about 469 horse farms down there. It's a majestic sport that we want to preserve and we've had some winners from Ocala. In fact, back in 1955, the 1955 Champion 2-year old colt Needles won the 1956 Kentucky Derby and Belmont Stakes, so I'm making a plug for my home town. And of course Fleet Alex is a Florida-bred horse down in Palm Beach County. So we're well aware of the jockeys. We in Ocala are very concerned and so we appreciate this hearing. These hard working agile jockeys put their life on the line, and who's looking after their health, we find out really no one is.

This is a very vigorous sport. It's a very dangerous sport with a high rate of accidents, and my staff and I were talking, we were reminded we have a boxing bill dealing with setting up a commission to establish standards for health for these boxers, and so I'm

very glad, Mr. Chairman, that we're looking at this particular case for jockeys. Mr. And Mrs. Birzer, I'm sorry that you're here, I'm sorry, Mr. Birzer, for your injury. You're very wise to come forward to talk about it so we in Congress can empathize and try to do something about it. Mr. Donahue seems to be sort of a whistleblower for his colleagues, I think, for questioning the accounting of the Disabled Jockeys Fund and being fired for troubles.

So I appreciate your courage in sharing your painful experiences and memory with this subcommittee. It's only through hearings I've found that we've learned what is right and working in our vast system of commerce, and we also need to say because of this hearing, we need to improve and we need to have legislation to do that.

Mr. Colton, in looking at your testimony, I believe you submit that, "I believe this hearing could some day lead toward creating a Nationwide program that would include insurance for all backside workers, as the Chairman mentioned, as well as national uniform national safety standards that would help reduce injuries."

Well, on a profession wide insurance plan, this House has debated and passed the associated health plans repeatedly in recent years. This could be an option for all of yours. Meanwhile, on uniform safety and standards, my subcommittee, the Consumer Protection and Trade, has examined similar issues like jockeys in a dangerous sport. As I mentioned, boxing is one case. So I'm looking forward to discussing the protections for jockeys and also for the backside workers. And again, thank you, Mr. Chairman for having this hearing.

Mr. WHITFIELD. Thank you, Mr. Stearns. If there are no further opening statements, then we will begin with the first panel.

[Additional statement submitted for the record follows:]

PREPARED STATEMENT OF HON. JOE BARTON, CHAIRMAN, COMMITTEE ON ENERGY AND COMMERCE

Thank you Chairman Whitfield. Let me also thank you for launching this investigation into the health of jockeys and other horse-racing industry workers. This billion-dollar sport could not exist without the daily risks these people take, sometimes for minimal pay, and often without the insurance they thought they had.

The people who race horses for a living are not a large or particularly influential group. They engage eagerly in a dangerous sport in which a mistake or a fluke can maim them. It doesn't happen every day, but it happens. And when it does, jockeys rely on their insurance to see them through. We'll hear today what happens when a jockey who was the victim of a terrible accident discovers he was the victim of a terrible betrayal, too.

Our witnesses today are professional jockeys who are well known in the world of thoroughbred horse racing. They will explain the risks they face, and how they banded together and entrusted the Jockey's Guild with funds to buy insurance to protect them and their families from the catastrophic financial losses that can accompany injuries.

We'll also hear about a classic story of betrayal, in which management of the Jockey's Guild let them down. And we'll hear the disturbing story of Gary Birzer, who learned too late that the insurance coverage he was promised did not exist. This was not a clever sting. It was a crude deception performed by an official in whom trust as well as money had been invested.

Today, we will examine a set of specific actions taken by people in charge of one particular industry organization, and will see how those actions made a tragic injury so much worse. I look forward to learning more about the particulars of this case, as well as to examining in this and other hearings the broader problems exposed by this alarming episode.

Mr. Chairman, this is an important if under-appreciated issue, and the bright light you will shine on it in coming months should bring attention to this problem in this sport.

As you conduct the Subcommittee's oversight, I hope the horse racing industry will pay close attention and deal with these problems. We'll be watching, too, and there should be no question that any failure to take action will draw additional scrutiny by Congress. If we must, I promise you that we will exercise our jurisdiction over professional sports and public health to ensure the welfare of these athletes is protected.

This Committee will continue to do its own work to gather the facts necessary for the full story on these problems. We've already subpoenaed records and will do so again, if necessary, to collect the factual information required for the Committee's oversight work to proceed.

Let me offer my warm thanks to the witnesses' and especially Mr. and Mrs. Birzer on the first panel—for taking the time to help us explore this issue today. I am hopeful your sincere efforts will help restore some trust in the system you have long relied upon for assistance when injured—and will help the movement towards improving the health insurance situation for the sport overall.

I look forward to the testimony and yield back the remainder of my time.

Mr. WHITFIELD. I'm going to introduce the first panel, again, even though I did so in the opening statement, then before we do all the swearing in, we want to show a video that I think gives a very clear example of just how dangerous this sport is, and particularly for the jockeys who are riding in these races.

But the witness on the first panel is Mr. Gary Birzer and his wife Amy, and as I mentioned earlier, he was involved in an accident in Mountaineer Park in 2004 and is permanently disabled, and we appreciate your being here. Before we swear you in and any attorneys that you might have with you, I would, at this time, ask that we show this video. Put out some of the lights if you would.

[Video played.]

Mr. WHITFIELD. I think you would agree with me that that short video does show quite clearly the challenges in this profession, and I think all of us would be irresponsible if we did not look into this in some depth and try to come up with some solutions to maybe have some national standards on safety and to make sure that people participating in this sport that creates an economic benefit of \$26 billion annually across the country, that there be adequate coverage for anyone participating in this sport.

I've introduced Mr. Birzer and his wife Amy, and once again, we genuinely appreciate your being here. As I stated in the opening statement, this is an Oversight and Investigations hearing, and when the committee does that, we have the practice of taking testimony under oath. And so I would ask you, Mr. Birzer, and your wife Amy, do you have any objection to testifying under oath this morning?

Mr. GARY BIRZER. No, sir.

Mr. WHITFIELD. I would also advise you under the rules of the House and the rules of the committee you are entitled to be advised by legal counsel. Do you desire to be advised by legal counsel during your testimony today?

Mr. GARY BIRZER. Yes.

Mrs. BIRZER. Yes.

Mr. WHITFIELD. So both of you desire to do so. In that case, would you please identify your counsel for the record, please.

Mr. KOCZKUR. Walt Koczkur on behalf of Gary Birzer.

Mr. WHITFIELD. I'm sorry, what?

Mr. KOCZKUR. Paul Koczkur.

Mr. WHITFIELD. For Gary Birzer.

Mr. LUPO. Dane Lupo on behalf of the Birzers.

Mr. WHITFIELD. Okay. All right. Let me ask this, will the two legal counsels, will you be giving testimony today. All right. Then at this time I'm going to stand and I would ask Mr. Birzer you to raise your right hand and Amy if you would stand and raise your right hand and I'll swear you in.

[Witnesses sworn.]

Mr. WHITFIELD. Okay. Each of you are now under oath and we have a number of witnesses today and we value the testimony of each witness, and I want you to know in advance that your entire testimony that you have already submitted to us will be placed into the record and we're going to ask that you try to—I won't hold you totally to this, but try to complete your testimony in 5 or 6 minutes, if you can possibly do that. So at this time, Mr. Birzer, you're recognized for your opening statement, and before you give your testimony, be sure that the microphone is on by pushing that button so that it shows.

**TESTIMONY OF GARY BIRZER, FORMER PROFESSIONAL JOCKEY, ACCOMPANIED BY AMY BIRZER, PAUL KOCZKUR, ATTORNEY, AND DANE LUPO, ATTORNEY**

Mr. GARY BIRZER. It's on now. My name is Gary Birzer, I'm a second generation jockey. My father rode and trained race horses. I started riding in February 1997 in Grand Island, Nebraska. I rode on many racetracks such as Lincoln Park, River Downs, Hoosier Park, Turfway Park, Beulah Park, Suffolk Downs, Canterbury Park and Mountaineer Park. My wife and I were engaged in July 1998. After talking to two Guild members, they suggested that I join the Guild, pay the hundred dollars yearly fee and \$2 per mount member fee. I agreed. In 6 months before I married—Amy and I were to be married, I became a full member, feeling secure that the fact that me and my family would have appropriate insurance.

When I joined the Guild, Gary Stevens was president, and when I received my handbook, it read we take care of our own, and that included insurance for on-track injuries. When the Guild was in financial trouble in 2001, I was one of the few that stayed a full \$10 per mount member plus \$100 annual fee, thinking that if anything would happen to me, that they would take care of those who remain loyal.

When Dr. Gertmenian and his management company, Matrix Capital took over, I remained a loyal member, still putting in the maximum \$10 per ride. I attended all Guild meetings when they came to the racetrack. Not once during any of these meetings was anything said of the catastrophic insurance being canceled. No other riders said anything about it either. If any of the other even 20 riders in the meeting had heard it, the news would have spread around like wildfire.

I believe that the Guild would have covered me. I would have never ridden without insurance and put my family in this jeopardy. On July 20, 2004 my life changed forever. I remember bits and pieces right after my accident. I was being heavily medicated to lessen the pain for my injuries and treated infections. I don't remember exactly when I found out the Guild was not going to help

me. However, my wife was dealing with it well before I became aware of this situation. I was in denial, depression for the longest time. The first time I talked to the Guild, I was in Squirrel Hill, one of the best rehab centers for spinal cord injuries in the country. Amy was crying and near a nervous breakdown.

I called Albert Fiss. I left a message on his answering machine to call me. He finally called me back and asked me what he could do for me. I said Squirrel Hill is going to give me 4 weeks as charity but I need another 4 weeks, can the Guild pay? He answered back yes. I told him he needed to talk to Joyce Watson in the admissions.

Later, Ms. Watson came back to my room and said that Mr. Fiss agreed to pay for 4 more weeks then take care of anything else I needed, when I had a meeting a few days later at Squirrel Hill that involved Squirrel Hill's management, Guild representatives, Mr. Fiss, Darrell Hare, Larry Samuel, jockeys Bobby Walker, Junior, Deshawn Parker and Dana Whitney.

That morning, Mr. Fiss told my wife that I did not have to leave Squirrel Hill because the Guild would pay for the additional 4 weeks, just as the jockeys at Mountaineer Park, David Shepherd, and all my family.

Somehow things changed in that meeting later that day. I went into a meeting thinking I was going to stay but the meeting went on, the discussion turned into a different direction. I was going to West Virginia. They assured me that the people are friendly, but they were not specialized in spinal cord injury. The day before I was to leave Squirrel Hill, Dr. Gertmenian and Albert Fiss came to visit me. The only thing they wanted to discuss was that I should sue Mountaineer Park, not why the Guild couldn't help me.

I was then transported by ambulance to West Virginia Rehab Center. I fell into a deep depression there during my stay. While I was there I had three visitors, Kelly Witsma, Jose Santos, and Johnny Velazquez. They indicated to me that they were also not aware of the catastrophic insurance being canceled. Terry Thompson, a fellow jockey at Prairie Meadows racetrack, was listening to a radio program called The Races and Beyond where Dr. Gertmenian was speaking. He heard that Dr. Gertmenian said on the air that the Guild was taking care of all of Gary Birzer's medical bills. Do I go ahead and keep reading, sir?

Mr. WHITFIELD. You can continue.

Mr. GARY BIRZER. Thank you. He then called my brother Alex and told him what he had heard. Alex said something to my agent, Jimmy Isabel. Jimmy immediately called the radio station. Jimmy was available to speak on the air and confirmed what was said. As Dr. Gertmenian had already hung up the phone and was no longer speaking, the radio station confirmed that yes, that is what we also heard, Dr. Gertmenian saying that all of Gary Birzer's bills were being paid. Then Jimmy on the air confirmed through the station it was not true, that Gary's medical bills were not being paid by the Guild.

I then left West Virginia on November 18, 2004, after 4 long months of being bounced around hospitals, rehab centers, struggling to accept my new life I've been dealt battling with manage-

ment and the representatives of the Guild to provide some assistance and trying to keep my family from falling apart.

If it wasn't for my dear wife, Amy, I would never come through this as well as I have. She's been my rock and my soulmate. We decided to come home to Cincinnati to be closer to family. In September 2005, I traveled back up to Mountaineer Park to visit my jockey friends. They said that the Guild had informed them that they were taking care of Gary Birzer, and taking care of all my medical bills. They said that West Virginia State Rehab Center was one of the best in the country.

In the last year, I've had a lot of trouble with the Guild for reimbursing us for all my catheters and the need for medical supplies. We have to make many phone calls and dealt with much aggravation trying to get the reimbursements processed. After remaining loyal for so many years and relying on the promises, and when they have talked directly to me, I have felt I've been completely let down.

[The prepared statement of Gary Birzer follows:]

PREPARED STATEMENT OF GARY BIRZER

My name is Gary Birzer. I am a second generation jockey. My father rode and trained horses. I started riding in February, 1997 at Fonner Park in Grand Island, Nebraska. I rode at many racetracks such as Lincoln Park, River Downs, Hoosier Park, Turfway Park, Buehla Park, Suffolk Downs, Canterbury Park and Mountaineer Park. My wife and I were engaged in July 1998. After talking to two Guild members, they suggested that I join the Guild, pay the \$100 yearly fee and the \$2.00 per mount member fee. I agreed and six months before Amy and I were married, I became a full member, feeling secure in the fact that me and my family would have the proper insurance. When I joined the Guild, Gary Stevens was President. When I received my handbook, it read "WE TAKE CARE OF OUR OWN". And that included insurance for on-track injuries.

When the Guild was in financial trouble in 2001, I was one of the few that stayed a full \$10.00 per mount member, plus the \$100 annual fee, thinking that if anything would happen to me, they would take care of those who remained loyal. When Dr. Gertmenian and his management company, Matrix Capital, took over, I remained a loyal member, still putting in the maximum \$10.00 per ride. I attended all the Guild meetings when they came to the track. Not once during any of those meetings was anything said about the catastrophic insurance being canceled. No other rider said anything about it either. If any of the other 20 riders in the meeting had heard it, the news would have spread like wildfire. I believed that the Guild insurance would cover me. I would have never ridden without insurance and put my family in jeopardy.

On July 20, 2004 my life changed forever. I only remember bits and pieces right after my accident, as I was being heavily medicated to lessen the pain from my injuries and to treat infections. I don't remember exactly when I found out that the Guild was not going to help me; however, my wife was dealing with it well before I became aware of the situation. I was in denial and very depressed for the longest time. The first time I talked to the Guild, I was in Squirrel Hill, one of the best rehabilitation centers for spinal cord injuries in the country. Amy was crying and near a nervous break down.

I called Mr. Albert Fiss. I left messages on his answering machine to call me. He finally called me back and asked me what he could do for me. I said, "Squirrel Hill is going to give me four weeks as charity but I need another 4 weeks. Can the Guild pay?" Albert answered back "yes." I told him he needed to talk to Ms. Joyce Watson in Admissions. Later, Ms. Watson came back to my room and said that Mr. Fiss agreed that the Guild would pay for 4 more weeks and take care of anything I needed.

We had a meeting a few days later at Squirrel Hill that involved Squirrel Hill management, Guild representatives Mr. Fiss, Darrell Haire, and Larry Saumell, Jockeys Bobby Walker Jr., Deshawn Parker, and Dana Whitney. That morning Mr. Fiss told my wife that I did not have to leave Squirrel Hill because the Guild would pay for the additional 4 weeks, just as he told the jockey colony at Mountaineer Park, Dave Shepard, and all my family. Somehow, things changed in the meeting

later that day. I went into the meeting thinking I was going to stay, but as the meeting went on, the discussion turned in a different direction and was around me going to the facility in West Virginia. They reassured us that the people were friendly there, but were not specialized in spinal cord injuries.

The day before I was to leave Squirrel Hill, Dr. Gertmenian and Mr. Fiss came to visit me. The only thing they wanted to discuss was how I should sue Mountaineer Park, not why the Guild couldn't help me. I was then transported by ambulance to the West Virginia rehabilitation center. I fell into a deep depression during my stay there. While I was there, I had three visitors, Kelly Witsma, Jose Santos, and Johnny Valesquez. They indicated to me that they were also not aware that the catastrophic insurance was canceled.

I then left West Virginia on October 18, 2004, after three long months of being bounced around hospitals and rehab centers, struggling to accept the new life I've been dealt, battling with the management and representatives at the Guild to provide some assistance, and trying to keep my family from falling apart. If it wasn't for my dear wife, Amy, I would have never come through this as well as I have. She is my rock—She is my soul mate. We decided to come home to Cincinnati to be close to family.

After I was home, Terry Thompson, a fellow jockey at Prairie Meadows racetrack, was listening to a radio program called Races and Beyond, where Dr. Gertmenian was speaking. He heard Dr. Gertmenian say, on air, that the Guild was taking care of all of Gary Birzer's medical bills. He then called my brother Alex and told him what he heard. Alex said something to my agent, Jimmy Isabel and Jimmy immediately called the radio station. Jimmy was able to speak on air to confirm what was said. As Dr. Gertmenian had already hung up the phone and was no longer speaking, the radio station confirmed that "yes, that is what we heard also—Dr. Gertmenian said that all of Gary Birzer's bills were being paid". Then Jimmy, on air, informed the station that this was not true—that none of Gary's medical bills were being paid by the Guild.

In September 2005, I traveled back up to Mountaineer Park to visit my jockey friends. They said that the Guild had informed them that they were taking care of Gary Birzer and taking care of all of his medical bills. They said that the West Virginia State Rehab Center was one of the best in the country.

In the last year, I have had a lot of trouble with the Guild reimbursing us for my catheters and other needed medical supplies. We have had to make many phone calls and dealt with much aggravation in trying to get the reimbursements processed.

After remaining loyal to the Guild for so many years and relying on their promises, both in group meetings and when they have talked directly to me, I feel that they have completely let me down.

Mr. WHITFIELD. Mr. Birzer, thank you very much, and at this time, we'll recognize Mrs. Birzer for her opening statement. Mrs. Birzer.

#### **TESTIMONY OF AMY BIRZER**

Mrs. AMY BIRZER. My name is Amy Birzer. My husband is Gary Birzer. On July 20, 2004 our lives were changed forever. This summarizes events that have occurred since that day. It was the seventh race at Mountaineer Race Park in West Virginia. Going into the first turn, Lil Bit of Rouge was for four wide and making her move. A jockey's wife ran over to me and said "Amy, Gary went down." She had a panicked look on her face. Okay. I thought calm down and give him a minute to catch his breath and get to his feet. I walked outside to talk to the security guard but he didn't know anything as of yet. A few more minutes have passed and Gary still hadn't gotten to his feet. I went inside and watched the replay, that's when I saw all 110 pounds of my husband being thrown head first into the dirt going 40 miles per hour.

I raced over to be with him. By this time they were loading him in the ambulance. I rode in the front seat. I heard my husband say no, sir, I can't feel that. That's when the tears started streaming down my face. Never did it enter my mind that Gary wouldn't be

covered for these medical services. It wasn't even a concern since I knew we had insurance and there was also catastrophic policy in place for jockeys. After being at the local hospital for several hours, Gary was transported by helicopter to the University of Pittsburgh Medical Center. It was there that I learned my husband would never be able to walk again. In fact, they had to perform a surgery and place a metal rod in his neck just so he would be able to hold his head up right.

My husband was diagnosed as a C6, C7 quadriplegic. He was at the University of Pittsburgh Medical Center for 4 weeks with bills that escalated to over \$450,000. We were in for the battle of our lives. It was the first week in August 2004, when Mr. Albert Fiss, vice president of the Jockeys Guild, came to see Gary in the ICU in Pittsburgh. Present at the time were myself, Bonnie Birzer, sister-in-law, and a family friend, Pam Isabel.

It was at this time that they informed us the Guild could be of no help to Gary. He indicated the Guild had no money to help at all. He said you need to get a lawyer and go after the racetrack. Bonnie then asked if they could help us by using one of the Guild's lawyers. Mr. Fiss said no, but they could recommend one in our area. I thought to myself here's a guy who's supposed to want nothing but the best for jockeys, and while my husband was fighting for his life with ventilators sustaining him, running excessively high temperatures, being packed in ice around the clock, all he wants to know is how come I haven't thought about suing the racetrack.

I wanted to scream at him do you not understand that my husband is fighting for his life right now and we thought you were the very organization that was committed to helping jockeys and their families through tragedies like this.

It was at this point that I realized from my conversation with Mr. Fiss that Gary was not covered for on-track injuries and the catastrophic policy was no longer in existence. We were completely left with no coverage whatsoever. The second week in August, Gary's father came to be with Gary. That same week, Mr. Johnny Beech, a Guild rep, was at Prairie Meadow Racetrack in Iowa. He was talking to Gary's mother. However, he was not aware at the time that it was his mother. She asked him how he was planning to help Gary Birzer.

He replied I have a meeting with his parents tonight to discuss it. Gary's mom said really; his father is in Pittsburgh with Gary, I'm his mother, what time is the meeting? Mr. Beech turned and walked out of the jockeys room.

The third week in August, Gary's mom came up for a visit. Ms. Kelly from Pittsburgh medical said next week Gary will be ready for rehabilitation. You have three options, the 11th floor here at the hospital, Squirrel Hill or a nursing home. Tears instantly started coming out of my eyes. I know that Squirrel Hill would not take Gary without insurance. My husband is only 29 years old. There was no way I was going to send him to a nursing home. The 11th floor of the hospital was out of the question. He needed to be in a rehabilitation center where they specialized in spinal cord injuries.



He was already in deep depression, and I could not bear to go into his hospital room and tell him he could have gone to Squirrel Hill if we had had insurance, but instead, had to settle for a nursing home or rehab on the 11th floor of the hospital. She suggested then that we get an advocate. Mr. Joe DeLong, a West Virginia State representative was called. He used to be a jockey's agent, and his dad trains horses at Mountaineer so he knows Gary and his agent very well.

Joe DeLong sprung into action right away speaking out on our behalf, trying to find a way for Gary to stay in Pennsylvania to get the therapy he so desperately needed. During these 2 weeks, phone calls were placed to Mr. Fiss from Jimmy Isabel, Gary's parents and myself. None of the phone calls were ever returned. During this time, I also applied for help from the State of West Virginia but was turned down on the spot. The lady who helped me said, Ms. Birzer, you have too many assets for us to be of assistance to you at this time. In the State of West Virginia if you're over the age of 21, acute rehabilitation is not provided.

Then Ms. Kelly came back to tell us our story has really touched her heart. She's been working with people from Squirrel Hill and they agreed to take Gary for 4 weeks as a charity case. For the first time since the accident I cried tears of joy. Finally, I had some kind of hope to give my husband. Gary went to Squirrel Hill where he was teamed up with Randy, one of the best therapists there. I started seeing my husband's will to live. The first week was very hard for Gary. Our 2-year old daughter wanted nothing to do with her daddy because she was so afraid of the wheelchair. Although it broke his heart, he was determined to find a way to ease her fears. His chair has a horn and soon he taught her how to honk it. She was soon warming up to the chair and coming around her daddy again.

Randy told us that Gary could live completely independent but it would take hard work and determination. He told us a few success stories about spinal cord-injured patients. I saw a change in my husband's attitude. You see, Gary thought everything was stripped away from him. He went from being a successful jockey to being someone who could no longer use the restroom, roll over in bed, feed himself, cook for himself or even hold his daughter. The bed sores were a constant worry too. From his nipple line down he could no longer feel his body. He has the use of wrist flexors but not his fingers. So picking up things was next to impossible.

Now there's someone telling him he can live completely independent with a little hard work. This was huge. The next few weeks they worked with Gary on transferring him in and out of his wheelchair and getting him stronger; however, the four charity weeks were come to an end, and we still had no response from Mr. Fiss on how the Guild could help my husband. I was still calling his office and cell phone leaving message after message but still no response. I was simply asking for any help with his rehab at Squirrel Hill or maybe a wheelchair, anything would be greatly appreciated.

Gary decides to call Mr. Fiss himself, and finally the phone call is returned. Albert informed Gary that whatever he needed, the

Guild would take care of it. Gary asked about 4 more weeks of rehabilitation and a wheelchair. Mr. Fiss agreed they would take care of that also. He just needed the name of the person to make the arrangements. Gary told him to speak to Joyce Watson from admissions.

Ms. Watson spoke with Mr. Fiss, and soon she was back in Gary's room, all smiles, stating Mr. Fiss agreed the Guild would pay for Gary to stay and they would take care of any of his needs. Again, tears of joy rolled down my face. I remember saying see, baby, things are going to be okay, just don't give up. I remember driving home that evening calling everyone and telling them the Guild is going to help Gary, he gets to stay at Squirrel Hill.

Unfortunately, we soon learned this was just another lie from Mr. Fiss. He went back on his word. I tried calling by phone again and when I finally reached him, I asked why won't you help my husband. Mr. Fiss said try to understand horse racing is a billion dollar industry. Jockeys should not be paying their own insurance. We're using your husband as a guinea pig to make a statement. I immediately broke down raising, my voice and fighting back tears. Gary needs the guild's help. What about the fund; can you use that to help him?

What about the Endowment Fund? Can you use that to help him? Mr. Fiss said that he would talk to the Board on Monday, as they were closed on the weekends.

I was so distraught over what to do. I talked to Alex, Gary's brother and also a jockey and a member of the Guild. Alex told me that Dave Shepherd, a high member in the Guild, is a family friend. He thinks of Gary like a son. Dave was even there when Gary rode his first race. He said to me that Dave was going to take care of things, and there is no way he is going to let his little brother get moved from Squirrel Hill. It is all part of a plan and not to worry.

I felt I had to do something more, so I started talking to other jockeys and their girlfriends. That's when I learned that Larry Saummell and Darrell Haire had been down at the track telling everyone that the Guild is helping Gary Birzer. I became upset, again knowing they were lying to these jockeys. I had tears in my eyes when I looked at the riders and pleaded with them. Please, listen to me. If you go down during a race, the Guild will not help you. They all looked at me with disbelief. I told them they better pray to God they don't go down tonight because they will soon learn the truth about the Jockeys' Guild.

The Guild reps were to be back at the track on Monday, September 13, around 6 o'clock so everyone could hear what they had to say. I arrived at the track at 6 with Mr. Joe DeLong, Dan Taylor, my lawyer at the time, and two of my girlfriends. Larry Saummell and Darrell Haire showed up at 7. They were talking to Chad Murphy, and all three came over to me to ask what the problem was. Again, with tears in my eyes, I simply asked the question, why aren't you helping my husband? He is a jockey and a member of the Jockeys' Guild. Why do you keep telling the jockeys that you're helping us when you're not?

They said I was angry at the wrong organization. They said they had four lawyers working for Gary. I was shocked to hear this. What four lawyers? This was the first that I've heard of this.

Mr. Haire also kept reassuring me they were paying for Gary's rehab. They said the Guild was going to cut a check for \$15,000 so Gary could stay at Squirrel Hill. Dan Taylor immediately called Mr. Fiss to confirm the \$15,000 for Gary's rehab. Mr. Fiss said that Gary was misinformed, and the Guild was not paying for the continued rehabilitation. Mr. Taylor informed him that he better get his "boys" in line because they are telling the jockeys and Mrs. Birzer that a check will be cut to be used for Squirrel Hill.

When we walked back in the jocks' room, I stated, for all to hear, the Guild was indeed not paying for Gary's rehab and he is being moved to a State facility in West Virginia. Mr. Haire called Mr. Fiss and told him he needs to get down here right away. They moved the meeting out of the jocks' room to an upper office, as the jockeys were getting upset. They then asked me if I had asked the racetrack for help, and I replied that I had. Rosemary, who I talked to at the track, said she had talked to her legal team and said they have no money to help my husband. They offered to go with me to talk to her again, and I declined. They decided to have another meeting with the jockeys but advised that I should not attend because of my emotional state.

The next day Larry Saumell and Darrell Haire went to Squirrel Hill with me to see Gary. They asked me about the guinea pig comment and apologized for Mr. Fiss making that statement. When we arrived, we went and talked to Joyce and they informed her they would be cutting a check for \$15,000 to pay for the additional 4 weeks of rehab. My case manager at that time, Melissa, also spoke with them and discussed the facility in West Virginia. They asked Gary if they paid for an apartment for his wife in West Virginia would he be willing to go there. He said he needed to stay at Squirrel Hill, as it was one of the best rehab centers for spinal cord injuries.

After Larry and Darrell left, Gary again called his brother Alex, crying, and telling him they are moving him to the State facility. Alex was upset because the Guild had reassured him that Gary was not to be moved.

The next day Mr. Fiss came into town, and we had a meeting with the hospital staff. Mr. Fiss and Darrell Haire rode with me and kept assuring me they were not moving Gary. Darrell asked me about the State facility in West Virginia. I told him it's a step up from a nursing home and nothing compared to Squirrel Hill.

When we got to the meeting, Mr. Fiss never offered any money. In fact, the discussion completely went in the opposite direction. He was pushing for Gary to go to West Virginia. Gary said he didn't want to get on Medicaid to go to a State facility. Squirrel Hill is where we thought he needed to stay. The specialist said that Gary could eventually lead a normal life if he could continue to work hard and should not have to give up everything he has worked so hard for just to be on Medicaid and go to a State facility.

Our battle to keep Gary at Squirrel Hill was lost, and he was soon moved. The West Virginia institution agreed to take Gary without insurance or Medicaid. They said he needed to be trans-

ported by ambulance, and the cost would be \$1,500. Mr. Fiss agreed that the Guild would pay for that bill.

The day before Gary was to be moved, Dr. Gertmenian and Mr. Fiss came back to see Gary and I. Dr. Gertmenian began telling me about his daughter, who's in a wheelchair and how stressful it is. He went on to say that I'm going to need all the help and support from family and friends. With a 2-year-old daughter and a husband in this condition, things were going to be tough on me. He remembered his wife cried and cried over what happened to their daughter and how helpless he felt because he could do nothing to help her.

He went on to say he knows what it is like to be in my shoes and how hard it is going to be for me. He said, I need the industry to think we have no money, but he knows people in high places and from time to time he would be sending me money. He also said he was going to give me his bedside number and if I needed anything just to call him. I became boiling mad at this point and thought, how dare he discuss this situation with me that was so far removed from what I was going through.

Since July 20, I have been begging for help, and in return I've been given the runaround and told nothing but lies. The only thing he has done for my husband is make a spectacle out of him and convinced all the riders that Gary Birzer is going to help change the industry. The only thing Gary and my family got was the short end of the stick, and how dare he say he knows what it is like to be in my shoes. I got up and walked out of the room, as I could listen no more.

Gary ended up being transported to the Institute of West Virginia on September 20, 2004. They agreed to take him without insurance or without Medicaid. I was grateful they took him, but I can't stress enough the strain it put on my family and my daughter. I had to stay in a hotel room near the facility and could no longer be with my daughter Robin. It was the hardest thing I had to do, leaving her as she was screaming for her mommy.

Gary was in the West Virginia facility when I received a call from Dr. Gertmenian asking me if I was going to sue the racetrack. I told him the track was putting a ramp at our home so Gary could get in the house, and they were also holding a benefit dinner for him. I told him I couldn't go after the track right now because they were the only ones helping at this point and we desperately needed help. His remark to me was, if you let them buy you for a couple hundred dollars, then there is nothing further I can help you with. If Gary wants to talk, he can call me. And then he hung up.

Once we were settled in the rehab center, we soon learned the lack of experience and the knowledge they had about spinal cord injuries. It was a huge setback from where he was. It was a nightmare as we watched them try to take care of Gary.

I asked them one day why Gary's hands were not washed. Their reply to me was, we thought it was buildup from horseback riding. They simply didn't know how to care for the skin or the hands of a spinal cord injured patient.

Also, instead of working with Gary on transferring him in and out of bed, they simply picked him up to move him. All the hard

work teaching him to transfer was for nothing, as they did not continue the same therapy.

Even when he needed a shower, the two aides just man-handled him and didn't try working with him to bathe himself so he could become more independent.

I asked them if they could just assist Gary in transferring from bed to chair. They agreed to try. However, because of the lack of the knowledge on transferring a patient, they almost dropped him. Thank goodness I was there. If not, he would have been on the floor.

The doctors were overmedicating him, and the therapists were not educated on spinal cord injuries. Gary got a bad staph infection and had to be quarantined to his room by himself. They said that he had to stay in bed and get turned every 2 hours to prevent bedsores. Gary ended up getting a very bad and very large bedsore. I asked how he got that, and they indicated they were short-staffed over the weekend and he didn't get turned as much as he should. They apologized.

Gary kept losing weight and went down to 94 pounds. Depression began setting in, and this was the very rehabilitation center that the Guild told the jockeys and my family that was one of the best places Gary could be.

In October, a few weeks prior to Gary's move to Cincinnati, Dave Shepherd visited Gary in the West Virginia facility. He informed me, "the war had begun." He was referring to the whole insurance issue between riders and racetracks. This was also soon after the incident when Shane Sellers was removed from Churchill Downs in handcuffs. He asked me again if we were going to sue Mountaineer. I said, no, not at this time. He promised me they were going to take care of Gary and not let him slip through the cracks and that he has discussed this with Dr. Gertmenian.

Gary was losing his will to live and something needed to be done. We decided that we needed to move Gary out of West Virginia and back home in Cincinnati to be with family who wanted to help us. With many phone calls made by my family and much media attention, the Guild paid \$15,000 for a wheelchair-accessible van and \$9,000 for 1 year's rent for an apartment in Cincinnati. West Virginia agreed to pay for Gary's wheelchair and a shower chair.

We registered Gary at Drake, a well-known rehabilitation facility in Cincinnati, as an outpatient, as they would not take him inpatient with no insurance. We secured a nurse to come in the home to help Gary with medical needs the first few weeks but had to discontinue that service as it was extremely expensive.

We still live in Cincinnati in the apartment; and finally, after 6 months of effort, we have been approved for Ohio Medicaid. Gary no longer can work, and because I am his sole caregiver, I also cannot work outside the home. We are currently living on Social Security, which barely pays the bills. Our medical expenses have accumulated to over \$500,000, which we cannot begin to pay back. The Guild has not done anything further to help us.

Mr. WHITFIELD. Mrs. Birzer, thank you for your testimony; and, Gary, thank you for your testimony. I know it is not easy for you to give this testimony, but it certainly does provide valuable information for us.

[The prepared statement of Amy Birzer follows:]

PREPARED STATEMENT OF AMY BIRZER

My name is Amy Birzer. My husband is Gary Birzer. On July 20, 2004, our lives were changed forever. This summarizes the events that have occurred since that day.

It was the 7th race at the Mountaineer Race Track in West Virginia, going into the first turn and "Lil Bit of Rouge" was four wide and making her move. A jockey's wife ran over to me and said "Amy, Gary went down" and she had a panic look on her face. Okay, I thought. Calm down. Give him a minute to catch his breath and get to his feet. I walked outside to talk to the security guard, but he didn't know anything yet. A few more minutes had passed and Gary still hadn't gotten to his feet. I went inside to watch the replay and that's when I saw all 110 pounds of my husband being thrown head first into the dirt going 40 mph. I raced over to be with him. By this time, though, they were loading him into the ambulance. I rode in the front seat. I heard my husband say, "No Sir, I can't feel that". That's when tears started streaming down my face. Never did it enter my mind that Gary wouldn't be covered for these medical services. It wasn't even a concern, since I knew we had insurance that we paid into and that there was also a catastrophic policy in place for the jockeys.

After being at the local hospital for several hours, Gary was transported by helicopter to the University of Pittsburgh Medical Center. It was there that I learned my husband would never be able to walk again. In fact, they had to perform surgery and place a metal rod in his neck just so he would be able to hold his head up. My husband was diagnosed as a C6-C7 quadriplegic. He was at the University of Pittsburgh Medical Center for 4 weeks, with bills that escalated to over \$450,000. We were in for the battle of our lives.

It was the first week in August 2004 when Mr. Albert Fiss, Vice President of the Guild, came to see Gary in the ICU in Pittsburgh. Present at the time were myself, Bonnie Birzer (my sister-in-law) and a family friend Pam Isbel. It was at this time that Mr. Fiss informed us that the Guild could be of no help to Gary. He indicated that the Guild had no money to help at all. He said, "You need to get a lawyer and go after the racetrack". Bonnie asked if they could help us by using one of the Guild's lawyers. Mr. Fiss said no but they could recommend one in our area. I thought to myself—here was a guy who is supposed to want nothing but the best for the jockeys and, while my husband was fighting for his life, with ventilators sustaining him, running excessively high temperatures, being packed in ice around the clock—and all he wants to know is how come I haven't thought about suing the race tracks? Wow. I just wanted to scream at him and say "do you not understand that my husband is in there fighting for his life right now and we thought your organization was committed to helping jockeys and their families through tragedies like this?" It was at this point that I realized from my conversation with Mr. Fiss that Gary was not covered for an on-track injury and that the catastrophic policy was no longer in existence. We were completely left with no coverage whatsoever.

The second week in August, Gary's father came to be with Gary. That same week, Mr. Johnnie Beech, a Guild Rep in the Iowa area, was at Prairie Meadows, a racetrack in Iowa, and was talking to Gary's mother (however, he was not aware she was his mother at the time). She asked him how he was planning to help Gary Birzer. He replied "I have a meeting with his parents tonight to discuss it". Gary's mom said "Oh really? While his father is up in Pittsburgh with Gary and I am his mother?" So, what time is that meeting? Mr. Beech turned and walked out of the jockey's room.

The third week in August, Gary's mom came up for a visit. Miss Kelly from Pittsburgh Medical said next week Gary will be ready to go to rehabilitation. You have 3 options: (1) the 11th floor here at this hospital, (2) Squirrel Hill, or (3) a nursing home. Tears instantly started coming out of my eyes. I knew that Squirrel Hill would not take Gary without insurance. My husband is only 29 years old and there was no way I was going to send him to a nursing home. The 11th floor of the hospital was out of the question. He needed to be in a rehabilitation center where they specialized in spinal cord injuries. He was already in deep depression and I could not bear to go into his hospital room and tell him he could have gone to Squirrel Hill, if he had insurance, but instead he had to settle for a nursing home or rehab on the 11th floor of the hospital.

She suggested that we get an advocate. Mr. Joe Delong, a West Virginia state representative, was called. He used to be a jockey's agent and his dad trains horses at Mountaineer, so he knows Gary and Gary's agent Jimmy Isbel very well. Joe

Delong sprung into action right away, speaking on our behalf, trying to find a way for Gary to stay in Pennsylvania to get the therapy he desperately needed.

During these two weeks, phone calls were placed to Mr. Fiss from Jimmy Isbel, Gary's mom, Gary's dad and myself. None of the phone calls were ever returned. During this time, I also applied for help from the state of West Virginia but was turned down on the spot. The lady who helped me said "Mrs. Birzer, you have too many assets for us to be of assistance to you at this time. In the state of West Virginia, if you are over the age 21, acute rehabilitation is not provided."

Then, Miss Kelly came back to us and said that our story had really touched her heart and that she had been working with the people from Squirrel Hill and they agreed to take Gary for his first 4 weeks of therapy as a charity case. For the first time since the accident, I cried tears of joy. Finally, I had some kind of hope to give my husband.

Gary went to Squirrel Hill where he was teamed up with Randy, one of the best therapists there. I started seeing my husband's will to live. The first week was very hard for Gary. Our 2-year-old daughter wanted nothing to do with her daddy because she was so afraid of the wheel chair. Although it broke his heart, he was determined to find a way to ease her fears. His chair had a horn on it, so he taught her how to honk it. Soon she was warming up to the chair and coming around her daddy again.

Randy told us that Gary could live completely independent but that it would take hard work and determination. He told us a few success stories about other spinal cord injured patients and I saw a change in my husband's attitude. You see, Gary felt that everything was stripped away from him—he went from being a successful jockey to being someone who could no longer use the restroom, or roll over in bed, or feed himself, or cook or hold his daughter. The bedsores were a constant worry too. From his nipple line down he no longer could feel his body. He has the use of his wrist flexor, but not his fingers. So picking up things was next to impossible. And now there's someone telling him that he can live completely independent with a little hard work. This was huge!

The next few weeks they worked with Gary on transferring him in and out of his wheelchair and in getting him stronger. However, the four charity weeks were coming to an end and we still had no response from Mr. Fiss on how the Guild could help my husband. I was still calling his office and his cell phone, leaving message after message, but still with no response. I was simply asking for any help with his rehab at Squirrel Hill, or maybe a wheelchair or anything would be greatly appreciated. Then Gary decided to call him and Mr. Fiss finally returned the call. Albert informed Gary that whatever he needed, the Guild would take care of it. Gary asked about 4 more weeks of rehab and a wheelchair and Mr. Fiss agreed that he would take care of that also. He just needed the name of the person to talk to make the arrangements. Gary told him to speak with Joyce Watson, from Admissions. Ms. Watson spoke with Mr. Fiss and when she came back later into Gary's room, she was all smiles saying that Mr. Fiss agreed that the Guild would pay for him to stay there and take care of any of his needs. Again, tears of joy rolled down my face. I remember saying "See, Baby, things are going to be okay". Just don't give up. I remember driving home that evening calling everyone and telling them that the Guild is going to help Gary and he gets to stay at Squirrel Hill.

Unfortunately, we soon learned that this was just another lie from Mr. Fiss. He went back on his word. I tried calling him by phone again, and when I finally reached him, I asked, "Why won't you help my husband?" Mr. Fiss said, "Try to understand. Horseracing is a billion dollar industry. Jockeys should not be paying for their own insurance and we are using your husband as a 'guinea pig' to make a statement." I immediately broke down, raising my voice and fighting back the tears. Again I stated: "Gary needs the Guild's help. What about the Endowment Fund? Can you use that to help him?" Mr. Fiss said he would have to talk to the Board on Monday, as they are closed on weekends.

I was so distraught over what to do. Alex, Gary's brother and also a jockey and member of the Guild told me that Dave Shepard, a high member of the Guild, is a family friend and thinks of Gary like a son. Dave was there when Gary rode his first race. He said that Dave was going to take care of things and there is no way was he going to let his little brother move to that facility. It's all part of a plan and not to worry.

I felt like I had to do something more so I started talking to other jockeys and their girlfriends. That's when I learned that Larry Saumell and Darrell Haire had been down at the track, telling everyone that the Guild is helping Gary Birzer. I became upset, again knowing that they were lying to these jockeys. I had tears in my eyes and looked at all the riders and pleaded with them to listen to me. I said, "Please, listen—if you go down during a race, the Guild will not help you!" They

all looked at me with disbelief. I told them that they better pray to God that they don't go down tonight, because then they will learn the truth about the Guild.

The Guild reps went back to the track on Monday, September 13th around so everyone can hear what they have to say. I arrived at the track at 6:00 with Mr. Joe Delong, Dan Taylor, my lawyer at the time, and two of my girl friends. Larry Saumell and Darrell Haire showed up around 7:00. They were talking to Chad Murphy and all three came over to me and asked me what the problem was. Again, with tears in my eyes, I simply asked the question again "why aren't you helping my husband? He is a jockey and a member of the Jockey's Guild. Why do you keep telling the jockeys that you are helping us when you're not". They said that I was angry at the wrong organization. They said they had four lawyers working for Gary. I was shocked to hear this—I said "what four lawyers". This was the first that I heard of this. Mr. Haire also kept reassuring me that they are paying for Gary's rehab. They said the Guild is going to cut a check for \$15,000 so Gary can stay at Squirrel Hill. Dan Taylor immediately called Mr. Fiss to confirm the \$15,000 for Gary's rehab. Mr. Fiss said that the family was misinformed and that the Guild was NOT paying for his continued rehab. Mr. Taylor informed Mr. Fiss that he better get his "boys" in line, because they are telling the jockeys and Mrs. Birzer that a check will be cut to be used for Squirrel Hill.

When we walked back into the jocks room, I emotionally stated, for all to hear, that the Guild was indeed, NOT paying for Gary's rehab and that he is being moved to a state facility in West Virginia. Mr. Haire called Mr. Fiss and told him he needed to get down there right away. They then moved out of the jocks room to the upper offices, as the jockeys were getting upset. They then asked me if I had asked the racetrack for help and I replied that I had. Rosemary, who I talked to at the track, said she had talked to her legal folks and said they had no money to help my husband. They offered to go with me to talk to them again, and I declined. They decided to have another meeting with the jockeys, but advised that I should not attend because of my emotional state.

The next day Larry Saumell and Darrell Haire went to Squirrel Hill with me to see Gary. They asked me about the "guinea pig" comment and apologized for Mr. Fiss making that statement. When we arrived, we went to talk to Joyce and they informed her that they were going to be cutting a check for \$15,000 to pay for the additional 4 weeks of rehab. My case manager at that time, Melissa, also spoke with them and they discussed the facility in West Virginia. They asked Gary that if they paid for an apartment for his wife in West Virginia, would he be willing to go there. He said that he needed to stay at Squirrel Hill, as it was one of the best rehab centers for spinal cord injuries. After Larry and Darrell left, Gary again called his brother Alex, crying, telling him that they are going to move him down to the state facility. Alex was upset, because the Guild reassured him that Gary would not be moved.

The next day Mr. Fiss came into town and we had a meeting with the hospital staff. Mr. Fiss and Darrell rode with me and during the entire ride. They kept reassuring me that they were not moving Gary. Darrell asked me about the state facility in West Virginia. I told him that it was a step up from a nursing home and nothing compared to Squirrel Hill. When we got to the meeting, Mr. Fiss never offered any money. In fact, the discussion completely went in the opposite direction. He was pushing for Gary to go to West Virginia. Gary said that he did not want to get on Medicaid and go to a state facility. Squirrel Hill is where he felt he needed to stay. The specialist said that Gary could eventually lead a normal life if he continues to work hard and he should not have to give everything up that he's worked hard for just to be on Medicaid and go to a state facility.

Our battle to keep Gary at Squirrel Hill was lost and he was soon to be moved. The West Virginia institution agreed to take Gary without insurance or Medicaid. They said he needed to be transported by ambulance and that would cost \$1500. Mr. Fiss agreed that the Guild would pay for that bill.

The day before Gary was to be moved, Dr. Gertmenian and Mr. Fiss came back to see Gary. Dr. Gertmenian began telling me about his daughter who is in a wheelchair and how stressful it is. He went on to say that I am going to need all the help and support from family and friends, with a 2-year old daughter and a husband in this condition, and that it was going to be tough on me. He remembered how his wife cried and cried over what happened to their daughter and how helpless he felt because there was nothing he could do. He went on to say that he knows what it's like to be in my shoes and how hard he knows it's going to be for me. He said, "I need the industry to think we have no money" but that he knows people in high places and from time to time he would be sending me money. He also said he was going to give me his "bedside number" and that if I needed anything, to just call him. I became boiling mad at this point and thought "how dare he discuss his situa-



tion with me that was so far removed from what I was going through". Since July 20th, I have been begging for help and in return I have been given the run around and told nothing but lies. The only thing he has done for my husband is make a spectacle out of him and convinced all the riders that Gary Birzer is going to help change the industry. The only thing Gary and my family got was the short end of the stick and how dare he say that he knows what it's like to be in my shoes. I got up and walked out of the room, as I could listen to no more.

Gary ended up being transported to the Institute of West Virginia on September 20, 2004. They agreed to take him without insurance and without Medicaid. I was grateful that they took him, but I can't stress enough the strain it put on my family and my daughter. I had to stay in a hotel room near the facility and could no longer be with my daughter. It was the hardest thing for me to leave her as she was screaming for her mommy.

Gary was in the West Virginia facility when I received a call from Dr. Gertmenian asking me if I was going to sue the racetrack. I told him that the track was building a ramp at our home so Gary could get into the house and they were also going to hold a benefit dinner for him. I told him I couldn't go after the track right now because they were the only ones helping at this point and we desperately needed help. His remark to me was "if you let them buy you for a couple hundred thousand dollars, then there's nothing further I can help you with. If Gary wants to talk, he can call me." And then he hung up.

Once we were settled in the rehab center, we soon learned of the lack of experience and knowledge that they had about spinal cord injuries. It was a huge setback from where he was. It was a nightmare as we watched them try to care for Gary. I asked them one day as to why Gary's hands were not washed and their reply to me was "we thought it was build up from horseback riding". They simply didn't know how to care for his skin on his hands as a spinal cord injured patient. Also, instead of working with Gary on transferring him in and out of bed, they simply picked him up to move him. All the hard work teaching him to transfer was for nothing, as they did not continue the same therapy. Even when he needed his shower—the two aides just manhandled him and didn't try working with him to bathe himself so he could be more independent. I asked them if they could just try to assist Gary in transferring himself from the bed to his chair and they agreed to try. However, because of their lack of knowledge of how to transfer a patient, they almost dropped him. Thank goodness I was there, as he would have been on the floor. The doctors were overmedicating him and the therapists were not well educated on spinal cord injuries. Gary got a bad staph infection and they had to quarantine him to a room by himself. They said he had to stay in bed and get turned every 2 hours to prevent bedsores. Gary ended up getting a very bad, very large bed sore. I asked how he got that, and they indicated that they were short staffed over the weekend and he didn't get turned as much as he should. They apologized. Gary kept losing weight and went down to 94 pounds, and depression began setting in. And this was the very rehab center that the Guild told the jockeys and my family was one of the best places that Gary could be.

In October, a few weeks prior to Gary's move to Cincinnati, Dave Shepard visited Gary at the West Virginia facility. He informed me that the "war has begun". He was referring to the whole insurance issue between riders and racetracks. This was also soon after the incident where Shane Sellers was removed from Churchill Downs in handcuffs. He asked me again if we were going to sue Mountaineer. I said "no", not at this time. He promised that they were going to take care of Gary and not let him slip through the cracks and that he has discussed this with Dr. Gertmenian.

Gary was losing his will to live and something needed to be done. We decided that we needed to move Gary out of West Virginia and back home to Cincinnati to be with family who wanted to help us. With many phone calls made by my family and much media attention, the Guild paid \$15,000 for a wheelchair-accessible van and \$9,000 for one year's rent for an apartment in Cincinnati. West Virginia agreed to pay for Gary's wheelchair and a shower chair. We registered Gary at Drake, a well-known rehabilitation facility in Cincinnati as outpatient, as they would not take him in-patient with no insurance. We secured a nurse to come into the home to help with Gary's medical needs the first few weeks, but had to discontinue that service as it was extremely expensive.

We are still living in an apartment in Cincinnati and have finally, after 6 months of effort, been approved for Ohio Medicaid. Gary can no longer work, and because I am his soul caregiver, I also cannot work outside the home. We are currently living on Social Security, which barely pays our bills. Our medical expenses have accumulated to over \$500,000, which we cannot begin to pay back. The Guild has not done anything further to help us.

Mr. WHITFIELD. Gary, you had mentioned that you had been a jockey for a number of years. Why did you actually belong to the Jockeys' Guild?

Mr. GARY BIRZER. I talked to jockey Dean Kuntz and Dana Cox about getting family insurance; and they told me that, when I was single, that, as just a single person, that the Guild was more or less for family in case I get hurt and everything. So 6 months before I got—a year before I got married, I joined as a small member, and then 6 months prior to that I became a full member because it takes a little bit of time for it to kick on in.

Mr. WHITFIELD. Did you pay a hundred dollars every year plus X dollars—

Mr. GARY BIRZER. Yearly fee. A hundred dollars a yearly fee to keep in member mount—

Mr. WHITFIELD. So for every time you rode a horse, a fee would be paid to the Jockeys' Guild; is that correct?

Mr. GARY BIRZER. Yes, sir.

Mr. WHITFIELD. And would it be accurate to say that one of the benefits of your doing that was that you would have insurance for on-track accidents; is that correct?

Mr. GARY BIRZER. Yes, sir.

Mr. WHITFIELD. And did you ever receive notification from the Jockeys' Guild by mail or in person or by any means that the catastrophic on-track coverage that you thought you had had been canceled or had lapsed?

Mr. GARY BIRZER. No, sir.

Mr. WHITFIELD. So you never received any notification whatsoever, even though you were paying the annual dues and you were paying the per mount fees.

Mr. GARY BIRZER. No, sir.

Mr. WHITFIELD. So it must have been quite a shock to you and your family when you discovered that you didn't have any insurance.

Mr. GARY BIRZER. Quite a shock.

Mr. WHITFIELD. Now you know Mr. Fiss, in his testimony, talks about that every jockey, as a result of a meeting in Austin, Texas, when a decision was made to allow this policy to lapse, that all the jockeys were given notice that they no longer had insurance coverage. Do you and Amy still say you were not aware of it; is that correct?

Mr. GARY BIRZER. I was not aware of that.

Mr. WHITFIELD. What about you, Amy? Did you know about it?

Mrs. AMY BIRZER. [Nodded in the negative.]

Mr. WHITFIELD. And I am sure that your friends who are jockeys and your acquaintances who you socialize with, did you ever hear any of the other jockeys talking about, oh, we just lost our on-track coverage?

Mr. GARY BIRZER. No, sir.

Mrs. AMY BIRZER. No, sir.

Mr. WHITFIELD. Now one of the statements that you made during your testimony struck me, and I want to make sure that I did not hear this incorrectly. I have read it myself, but I just find it a little bit difficult to believe. In here, you said that Mr. Fiss made the

statement that jockeys should not be paying their own insurance, and we are going to use your husband as a guinea pig.

Mrs. AMY BIRZER. Yes, sir.

Mr. WHITFIELD. Is that a statement he actually made?

Mrs. AMY BIRZER. Yes, sir.

Mr. WHITFIELD. He said that to you?

Mrs. AMY BIRZER. On the phone, yes, sir.

Mr. WHITFIELD. Now what did—you must have been shocked at that statement.

Mrs. AMY BIRZER. I became very angry.

Mr. WHITFIELD. Now, you know, it is one thing—we can talk about the macroissues here of whose responsibility is it for insurance coverage for jockeys, but when you have jockeys that are paying the annual fee, paying the per mount fee and then not receive any notification that they do not have insurance and then suffer a permanently disabling injury where you are paralyzed and have no insurance and then, on top of that, to be told that we're using you as a guinea pig—I mean, I have great difficulty believing that anyone who professes to have compassion or interest in the jockey and their welfare would make a statement like that. And I did notice that one of the mission statements of the Jockeys' Guild indicates that one of their primary concerns is welfare for the jockey.

Now do either one of you feel like that the welfare of the jockey was at the most important priority of the Jockeys' Guild?

Mrs. AMY BIRZER. No, sir.

Mr. GARY BIRZER. No, sir.

Mr. WHITFIELD. It almost appears to me that it was the least important thing. Would you agree with that?

Mr. GARY BIRZER. Yes, sir.

Mrs. AMY BIRZER. Yes, sir.

Mr. WHITFIELD. Now, I know—I mean, I don't know, and I can't imagine what you have been through, all the medical procedures. You have talked about being packed in ice. And you wanted to stay at Squirrel Hill, which was the best hospital for this problem in the country, it is my understanding; and had you had that full policy you would maybe have had an opportunity to stay there. But to go through everything that you have gone through, just the medical procedures alone—and from everything that's been said in your testimony, I got the impression that people were lying—I mean, Gertmenian was lying, Fiss was lying, representatives were lying, and then they were changing their mind and doing this and they were flip-flopping all over the place. Is that an adequate description of your experience with them?

Mrs. AMY BIRZER. Yes, sir.

Mr. GARY BIRZER. Yes, sir.

Mr. WHITFIELD. Now, you did indicate that the Guild finally agreed to pay your ambulance bill, is that correct, to move you from Squirrel Hill to West Virginia? Did they pay that?

Mrs. AMY BIRZER. Yes, sir.

Mr. WHITFIELD. Okay. And then you decided to move to Cincinnati because you wanted to be closer to your parents or have some more family support. And did they help pay for an apartment there; is that correct?

Mrs. AMY BIRZER. Yes, sir, 1 year's rent.

Mr. WHITFIELD. One year's rent. How much was that?

Mrs. AMY BIRZER. \$9,000.

Mr. WHITFIELD. And did they pay for anything else?

Mrs. AMY BIRZER. The van, the wheelchair accessible van, that was \$15,000.

Mr. WHITFIELD. And you have that now.

Mrs. AMY BIRZER. Yes, sir.

Mr. WHITFIELD. Now, your only income at this point in your life is what?

Mrs. AMY BIRZER. We get Social Security, and we also do get from the Guild—they pay for disabled riders. We do receive a check from them.

Mr. WHITFIELD. Now is that from the so-called Disabled Jockeys' Fund—

Mrs. AMY BIRZER. I am not quite sure.

Mr. WHITFIELD. [continuing] or is that from the health and welfare fund, or is that from the operating fund, or is that from some other fund, or do you know?

Mrs. AMY BIRZER. I am not quite sure where it comes from.

Mr. WHITFIELD. Okay. So you have Social Security. And how much do you owe hospitals right now in outstanding medical bills?

Mrs. AMY BIRZER. Over \$500,000.

Mr. WHITFIELD. Over \$500,000. And is there efforts being made by the hospitals or the healthcare providers to collect that money from you at all?

Mrs. AMY BIRZER. Yes.

Mr. WHITFIELD. So you're receiving letters and receiving bills and they expect to be paid.

Mrs. AMY BIRZER. Yes. Excuse me, could I please say one more thing?

Mr. WHITFIELD. Yes.

Mrs. AMY BIRZER. We would just like to take this opportunity to thank all the jockeys, the foundations, everyone who has helped us through this past year. It has been amazing the prayers and the support, so we just want to make sure everyone knows we do appreciate the help and the outpour of love that we have been given.

Mr. WHITFIELD. So a lot of jockeys who face the same challenges and experiences that your husband faced on the racetrack, they have come to your assistance in some way?

Mrs. AMY BIRZER. Oh, yes.

Mr. WHITFIELD. Providing some support. Well, that is a real testament to the jockeys individually that are doing that, and we appreciate that.

Well, I have no further questions at this time; and I would yield to the gentleman from Michigan, Mr. Stupak.

Mr. STUPAK. Thank you, Mr. Chairman; and thank you both for being here today and your testimony.

Gary, when you became a full member of the Jockeys' Guild, did you receive any kind of insurance policy, insurance card, disability policy, anything?

Mr. GARY BIRZER. Yes, sir. They mail you a handbook and a card.

Mr. STUPAK. The handbook and card, is that just for your membership in this—

Mr. GARY BIRZER. Yes, sir.

Mr. STUPAK. Did they mail you anything concerning insurance policies, disability policies?

Mr. GARY BIRZER. Since the——

Mr. STUPAK. No, once you joined, not at the time of your accident.

Mr. GARY BIRZER. I believe, yes, sir.

Mr. STUPAK. Okay. Did you review that policy or anything? Were you aware of any expiration dates on it?

Mr. GARY BIRZER. It had no expiration dates on it that I believe.

Mr. STUPAK. Was this policy a copy of a policy that you received in your name or was it in the Jockey Guild's name?

Mr. GARY BIRZER. I'm not sure about that one.

Mr. STUPAK. Do you still have those documents?

Mr. GARY BIRZER. They are packed away somewhere.

Mr. STUPAK. So you would have them. They are just packed away somewhere.

Mr. GARY BIRZER. Yes.

Mr. STUPAK. Thanks. What was your understanding—once you became a full member, what was your understanding of the benefits, if you will, that you were entitled to receive?

Mr. GARY BIRZER. I can't remember at that time what the benefits were when I first joined the Guild.

Mr. STUPAK. Prior to your injury in the summer of 2004, what was your understanding—before you got on that horse to ride that day, what was your understanding of the benefits you would receive if anything happened to you?

Mr. GARY BIRZER. That my family would be taken care of with the catastrophic insurance.

Mr. STUPAK. Okay. With the catastrophic insurance. And what was your understanding catastrophic insurance would cover?

Mr. GARY BIRZER. I would have to look over the paperwork to make sure.

Mr. STUPAK. But you certainly expected it to take care of your medical bills?

Mr. GARY BIRZER. Oh, yes.

Mr. STUPAK. That if you had to have any type of adaptive living devices for home or for you, was it your understanding that that would be taken care of?

Mr. GARY BIRZER. Yes, sir. I knew I would have to write a little bullet panel to ask for assistance for supplies and everything, and they would give it to me.

Mr. STUPAK. Was it your understanding you would have disability income coming into your home?

Mr. GARY BIRZER. Yes, sir.

Mr. STUPAK. And I take it you are receiving some disability income from the Jockey Endowment Fund?

Mr. GARY BIRZER. I'm not sure where that money is coming from.

Mr. STUPAK. But is it my—Amy, is it correct to say that you are receiving some income from—is it from the Endowment Fund?

Mrs. AMY BIRZER. It's from the Jockeys' Guild. I'm not sure where it is coming from, but we do receive a check from them.

Mr. STUPAK. If you don't mind me asking, how much is that a month?

Mrs. AMY BIRZER. Right now, it is still weekly, and it is \$200 a week.

Mr. STUPAK. \$200 a week?

Mrs. AMY BIRZER. Yes.

Mr. STUPAK. Okay. Gary, prior to your injury, did you have any knowledge of any other jockeys that were injured and were not being taken care of by the Guild?

Mr. GARY BIRZER. No, sir.

Mr. STUPAK. Do you have any knowledge now, after your injury, of any jockeys being injured and not being taken care of by the Guild?

Mr. GARY BIRZER. I am sorry, sir, can you re-ask—

Mr. STUPAK. After your injury, do you have any knowledge of any jockeys who have been injured and are not being taken care of by the Guild?

Mr. GARY BIRZER. I haven't followed horse racing that much since my accident, sir.

Mr. STUPAK. Sure. Amy, are you aware of anyone who is not being taken care of?

Mrs. AMY BIRZER. Not to my knowledge.

Mr. STUPAK. So to the best that we know, the only jockey who you're aware of—there may be others, but that you're aware of—would be Gary who is not being taken care of by the Guild.

Mrs. AMY BIRZER. Yes, sir.

Mr. STUPAK. Gary, can you think of any reason why they would cancel your insurance? I take it from your testimony and the documents I've seen you've paid every time. You've paid your hundred dollars. You paid your mount fees. You've paid everybody.

Mr. GARY BIRZER. Yes, sir.

Mr. STUPAK. Okay. Besides jockeys, who else pays into this Jockeys' Guild? Do the racetrack owners? TV rights, things like this?

Mr. GARY BIRZER. I believe the racetrack used to give what they called a—the racetracks do give money, I forgot what they called it, but the racetracks do—

Mr. STUPAK. And this money the racetracks give would go to the Guild.

Mr. GARY BIRZER. Yes, sir.

Mr. STUPAK. And is it your understanding that the specific purpose of that was to go into this catastrophic fund to help riders who have been injured?

Mr. GARY BIRZER. Yes, sir.

Mr. STUPAK. When you ride—and when you rode, besides paying your fee, who else did you have to pay?

Mr. GARY BIRZER. My agent, my valet.

Mr. STUPAK. Your agent and your valet. What was a typical payment for a ride? What would you get paid if you rode?

Mr. GARY BIRZER. At the time I got hurt, they were giving me \$55 per mount.

Mr. STUPAK. \$55. And how much went to the Guild?

Mr. GARY BIRZER. \$10.

Mr. STUPAK. And how much for your agent?

Mr. GARY BIRZER. 25 percent.

Mr. STUPAK. So 25 percent of \$55, okay. And then your valet.

Mr. GARY BIRZER. My valet made 10 percent.

Mr. STUPAK. So there's 35 percent plus 10. And I take it they would take out taxes.

Mr. GARY BIRZER. Taxes, yes, sir.

Mr. STUPAK. So when you were done, what was the net income you had for a ride, if you will, on a \$55 fee? What would you actually take home, if you can use that word, per ride?

Mr. GARY BIRZER. My wife would know more about that than I did.

Mr. STUPAK. Amy, do you have any idea what it would be?

Mrs. AMY BIRZER. No.

Mr. STUPAK. It's got to be less than 20 bucks, according to my—

Mr. GARY BIRZER. We had a savings set up for my taxes. We would always take out 25 percent for Federal and 5 percent for State.

Mr. STUPAK. That didn't leave you a lot left over, did it?

Mr. GARY BIRZER. No, sir.

Mr. STUPAK. There was a lot of, from your testimony, a lot of comments from the Guild about suing the racetrack—

Mr. GARY BIRZER. Yes, sir.

Mr. STUPAK. [continuing] making a claim against the racetrack. Was this Mountaineer Park that is located in the panhandle there of West Virginia, around that area?

Mr. GARY BIRZER. Yes, sir, the Northwest panhandle.

Mr. STUPAK. Was that track known to have difficulties?

Mr. GARY BIRZER. Yes, sir.

Mr. STUPAK. What kind of difficulties that would put a jockey at risk?

Mr. GARY BIRZER. The base of the racetrack.

Mr. STUPAK. Pardon?

Mr. GARY BIRZER. The base of the racetrack. It's got holes in it.

Mr. STUPAK. Okay. Do you race up there during the wintertime, too?

Mr. GARY BIRZER. Yes, sir.

Mr. STUPAK. So if people saw snowflakes fall before they opened the gate, that is not unusual?

Mr. GARY BIRZER. No, sir.

Mr. STUPAK. Is it more dangerous to ride at, let's say, night during the winter?

Mr. GARY BIRZER. Yeah, it's colder. You've just got to take things a little more easier.

Mr. STUPAK. Is it more difficult to make sure that the horses maintain stable footing on those tracks?

Mr. GARY BIRZER. Yes, when it's about, like, 10 degrees.

Mr. STUPAK. Do jockeys get together and try to make improvements or suggest improvements to the tracks?

Mr. GARY BIRZER. We can suggest to the track superintendent. It is up to him if he does it or not.

Mr. STUPAK. What, really—being a jockey, you can control—at least try to control the horse that you are racing. You had no leverage, then, to force change in conditions for the type of weather you were riding?

Mr. GARY BIRZER. The management was very difficult to deal with at that racetrack.

Mr. STUPAK. Does your Guild get involved in trying to leverage, to make sure things are proper before you ride during winter conditions or just the condition of the track?

Mr. GARY BIRZER. They wouldn't listen to anybody but themselves, the management of the racetrack.

Mr. STUPAK. So you are basically left to the mercy of your Guild and the racetrack owners, operators?

Mr. GARY BIRZER. Yes, sir.

Mr. STUPAK. Thank you. I have no further questions. Thanks for being here.

Mr. WHITFIELD. Thank you, Mr. Stupak.

I recognize Mr. Walden.

Mr. WALDEN. Thank you, Mr. Chairman.

Mr. Birzer and Mrs. Birzer, thank you for being here today. I can't begin to understand what you are going through or have gone through or will, but we certainly appreciate your courage and your conviction of coming and speaking out.

Has it—what has the reaction been from your former colleagues about the injuries you've sustained and what you've had to go through to sort of manage on your own?

Mr. GARY BIRZER. I am sorry, sir?

Mr. WALDEN. How have the other jockeys reacted to what you've been through, not just injuries you have sustained, as awful as they are, but how you have been treated by the Guild? Are there people that say, well, you have should known the insurance policy was canceled and it's your own fault, or are people saying I had no idea that we weren't covered? What's the reaction been?

Mr. GARY BIRZER. I've had more riders come up to me going, we didn't ourselves realize the catastrophic insurance was canceled.

Mr. WALDEN. Is that right?

Mr. GARY BIRZER. Yes, sir.

Mr. WALDEN. You have spoken out, both of you, quite eloquently and boldly today. Did anybody ever try and tell you not to do that?

I mean, it seems like there was this legal strategy to pursue, and I am very disturbed by the comments that somebody said that—Mr. Fiss, I guess—you have testified said we're going to treat you as a guinea pig and go after this legal course of action. Have there been others that have said, you know, you are going to be our example to get better benefits or something and just pursue the legal course?

Mrs. AMY BIRZER. No, sir.

Mr. WALDEN. So Mr. Fiss is the only one who has made that argument?

Mrs. AMY BIRZER. About my husband being the guinea pig? Yes, sir.

Mr. WALDEN. Right, and pursuing the legal, suing the track and all that.

Mrs. AMY BIRZER. The Guild reps and the Guild have been persistent about us suing the racetrack.

Mr. WALDEN. Do you feel like they've been persistent to the point of denying you other benefits, this leverage to get you to sue? Any examples of that?

Mrs. AMY BIRZER. No, sir.



Mr. WALDEN. So you feel like—what happens when you walk out of this hearing? What do you anticipate—what will the reaction be?

Mrs. AMY BIRZER. Reaction?

Mr. WALDEN. Of your friends in the Guild. Do you think what you've said today will come as news to them?

Mrs. AMY BIRZER. No, sir.

Mr. WALDEN. Gary, do you have any comment along those lines?

Mr. GARY BIRZER. No.

Mr. WALDEN. Has there been any criticism of your being critical of Dr. Gertmenian?

Mr. GARY BIRZER. No, sir.

Mr. WALDEN. Amy, have you had anybody come back and say you shouldn't be so critical of the Guild or Dr. Gertmenian?

Mrs. AMY BIRZER. Yes, sir.

Mr. WALDEN. Can you elaborate on that? What have people told you?

Mrs. AMY BIRZER. That Gertmenian is indeed looking out for the jockeys, that he has helped the Guild tremendously.

Mr. WALDEN. And is that before they know what's happened to you in your case or after you have explained to them what you've gone through?

Mrs. AMY BIRZER. Both ways, before and then even after they still insist that he's the best thing that has happened to the jockeys.

Mr. WALDEN. To the Guild. All right.

Well, I noticed in a news story here that was in one of the publications that—it quoted—let me see if I can find it here in just a second. It seemed to quote Dr. Gertmenian as saying he would help you even if he had to take money out of his own pocket. Do you remember that or seeing that?

Mrs. AMY BIRZER. Do I remember him stating that?

Mr. WALDEN. Saying that, or do you remember reading that?

Mrs. AMY BIRZER. I remember reading it, that he had said—

Mr. WALDEN. This is the quote—and, Mr. Chairman, this is out of Sports Business Journal September 27, 2004, written by Liz Mullen. It talks about how the Birzers have health insurance through the Guild, but it does not cover on track accidents, he said.

Then there is this quote. It says, what I said to—and in parenthesis to Amy Birzer, parenthesis—was I will do everything I can, and I will, if it has to come out of my own pocket, Gertmenian said. "I knew this day was coming and I told everyone this day was coming and now hell comes to pay." So he said he would take money out of his own pocket to help you if need be, but he never made that commitment to you?

Mrs. AMY BIRZER. No, sir.

Mr. WALDEN. And did he ever take money out of his own pocket to help you?

Mrs. AMY BIRZER. No, sir.

Mr. STUPAK. Mr. Chairman, if I may, can we have that document entered into the record? We may need it for later examination of a witness.

Mr. WHITFIELD. Without objection.

[The article follows:]

### Jockeys questioning insurance

by LIZ MULLEN  
Staff writer  
Published Sep. 27, 2004 in SportsBusiness Journal

The problems facing a jockey who was paralyzed in an accident at a West Virginia racetrack are raising an alarm among jockeys nationwide who have discovered that their medical bills wouldn't be covered in most states if they suffered a catastrophic injury while racing horses.

A group of top riders at Belmont Park in New York called a meeting with Jockeys' Guild representatives late last week to get information about their coverage after learning that jockey Gary Birzer's medical bills, which now total more than \$400,000, are not covered by Guild insurance.

Only five states — California, New York, New Jersey, Maryland and Idaho — have workers' compensation insurance that covers jockeys who suffer accidents on the track.

Jockeys in New York are concerned because they routinely travel to uncovered states to ride in major stake races, said Jose Santos, a New York-based jockey who won the Kentucky Derby and Preakness last year on Funny Cide.

"A lot of jockeys did not know they were not covered," said Santos, adding that he was one of them. "About half of the jockeys did not know. The reason [we found out] is because of Gary Birzer."

Rita Santos, Jose's wife and the sister of jockey Heriberto Castillo, said she called several jockeys in other states and discovered that they didn't know that they weren't covered for on-track accidents. Many expressed concern about riding in the Breeders' Cup next month at Lone Star Park in Texas. "I want all the jockeys in the United States to be aware they are riding in states with no coverage," she said.

Paul Atkinson, a Southern California jockey who has been a delegate to the Jockeys' Guild, said, "The riders in this country should be aware that they are not covered, but they're not."

Birzer, 29, was paralyzed from the waist down by a spinal cord injury when the horse he was riding July 20 in the seventh race at Mountaineer Park broke its leg and threw him. His wife, Amy Birzer, said her husband had for years paid the Jockeys' Guild \$10 for every mount he rode and thought that he was covered in case of injury. But that coverage only extends to non-work-related health issues. Guild officials said it was too expensive to get medical insurance for on-track accidents.

The Jockeys' Guild is an organization that represents 1,220 professional racehorse jockeys nationwide with the purpose of fighting for riders' rights as well as providing health insurance and other benefits. The Guild provides benefits to about 59 disabled jockeys who were injured in U.S. racetrack accidents over several decades.

Amy Birzer said Guild Vice President Albert Fiss first told her that the Guild would take care of her husband's medical bills, but later Fiss said the Guild couldn't cover the bills, after all, and refused to return her phone calls.

"I have been lied to, flat-out lied to," Amy Birzer said.

Birzer said she has since found out that although Mountaineer will pay up to \$100,000, she and her husband are on the hook for the additional \$300,000-plus, and the medical bills keep coming in.

Fiss did not return repeated phone calls. Wayne Gertmenian, president of the Jockeys' Guild, said no one from the Guild told Birzer's family that he was covered for the injury. The Birzers have health insurance through the Guild, but it does not cover on-track accidents, he said.

"What I said [to Amy Birzer] was, I will do everything I can, and I will if it has to come out of my own pocket," Gertmenian said. "I knew this day was coming and I told everyone this day was coming, and now hell comes to pay."

The Birzers are getting \$200 a week for living expenses from the Guild, but that will drop to \$250 a month once he is declared permanently disabled and starts receiving federal benefits. The Guild will then pay for medical insurance for Amy Birzer and the couple's 2-year-old daughter, but not for the jockey himself, Gertmenian said.

Gertmenian said he has been "screaming" since he took over the Guild in 2001 that jockeys in most states were not covered for such accidents.

"He hasn't been screaming loud enough," Amy Birzer said.

Birzer said it made her husband feel better to know that at least now other jockeys know about their lack of medical coverage.

"That is what I wanted," she said. "For people to know so that this won't happen again."

Mr. WALDEN. When you explained how unhelpful the Guild and Dr. Gertmenian have been, what is Dr. Gertmenian's response, that you're lying? What does he say?

Mrs. AMY BIRZER. I can never get in contact with him, I don't know what his response is to—

Mr. WALDEN. To the best of your recollection—and I realize that you've been through a lot and so I understand—how many times since the accident have you had an opportunity to talk to Dr. Gertmenian?

Mrs. AMY BIRZER. Zero.

Mr. WALDEN. Zero?

Mrs. AMY BIRZER. Since his accident?

Mr. WALDEN. Since the accident.

Mrs. AMY BIRZER. I have talked to Gertmenian 2 or 3 times. I'm sorry, I thought you meant since he's been home.

Mr. WALDEN. Gary, when did you come home?

Mr. GARY BIRZER. November 18.

Mr. WALDEN. So since then there has been no follow-up from Dr. Gertmenian?

Mrs. AMY BIRZER. No, sir.

Mr. WALDEN. What about from others that are in his employ at the Guild?

Mrs. AMY BIRZER. We have been in contact with Dave Shepherd.

Mr. WALDEN. All right. Mr. Chairman, I thank you for having these witnesses here today.

Thank you. It's been most helpful in hearing your story, and I wish you well with your recovery.

And, Mr. Chairman, with that, I yield back.

Mr. WHITFIELD. Ms. Schakowsky.

Ms. SCHAKOWSKY. Thank you, Mr. Chairman; and I really want to thank you, Gary and Amy, for your testimony, so straightforward and simple and moving, I think, to everyone who would hear it.

I wonder if, Gary, you are still getting any rehab assistance now, if you are in any kind of therapy?

Mr. GARY BIRZER. Due to the jockey that donated for the Breeder's Cup in 2004, I took that donation money and I am in an extensive program right now in Cincinnati.

Ms. SCHAKOWSKY. So the only way, though, that you've been able now—and I'm so glad to hear that, that you are in a rehab program—has been because of the goodwill of a friend, someone who—a jockey that gave money to you; is that right?

Mr. GARY BIRZER. Yes, ma'am.

Ms. SCHAKOWSKY. Amy, you said you're the only caregiver for Gary. Have you been able to get any training or assistance in how best to do that? You had talked about the transferring and the—I mean, you're pretty small, too. I just wondered how that works for you.

Mrs. AMY BIRZER. Yes. Before he left Squirrel Hill they were showing me how to transfer him and how to take care of his medical needs.

Ms. SCHAKOWSKY. So you're taking care of your—is it Robin?

Mrs. AMY BIRZER. Yes, ma'am.

Ms. SCHAKOWSKY. Your daughter. How is she doing?

Mrs. AMY BIRZER. Wonderful.

Ms. SCHAKOWSKY. And she and dad are doing fine together?

Mrs. AMY BIRZER. Absolutely.

Ms. SCHAKOWSKY. Great. How long will this money from the Guild—you said it's coming from the Guild. Do you know how long that money is going to be coming?

Mrs. AMY BIRZER. I've been told up to 2 years, until he gets Medicare, which is 24 months after he's been on Social Security. Then it will go down to a monthly payment. Right now, we get weekly payments from the Guild.

Ms. SCHAKOWSKY. Right. And do you know—so that's a year from—about a year from now.

Mrs. AMY BIRZER. Yeah.

Ms. SCHAKOWSKY. And are you aware if the money that you will then be getting from Medicare will then make up for that difference? Do you know how much money you are going to be getting?

Mrs. AMY BIRZER. No, ma'am.

Ms. SCHAKOWSKY. Do you feel that, Gary, that you lost time because you had to go—and capacity because you had to leave Squirrel Hill and go to West Virginia?

Mr. GARY BIRZER. Oh, yes, ma'am.

Ms. SCHAKOWSKY. And is that being made up for now by the rehab that you're in or is that time that was just lost?

Mr. GARY BIRZER. Time that's been lost.

Ms. SCHAKOWSKY. What kind of things do you think might have been different in your life if you had been able to stay at Squirrel Hill?

Mr. GARY BIRZER. I would be further along right now. I would be able—like Squirrel Hill told us that, with a lot of hard work, that I would be able to walk, I would be able to transfer myself, and I am just now starting to be able to transfer myself out of my wheelchair onto a bed or a mat. And 90 percent of the time I still need help transferring myself out of my wheelchair into my bed.

Ms. SCHAKOWSKY. So all of this was really pretty much of a shock—obviously, the accident was, although hearing about the track, it was certainly a—it sounds like it was very dangerous conditions. What was the response of the track superintendent? I understand that he was approached—the track was approached about the dangerous conditions. What was their response to you when—when you were at Mountaineer Park, was the track superintendent approached about the dangerous track conditions?

Mr. GARY BIRZER. He always told us he could fix it.

Ms. SCHAKOWSKY. And did that ever happen?

Mr. GARY BIRZER. No, ma'am.

Ms. SCHAKOWSKY. Let me ask you what you think should be done to make Mountaineer and other tracks that run at night in northern winter safer for jockeys and exercise riders.

Mr. GARY BIRZER. My personal opinion, they need to replace the base in the racetrack. They need a new surface. The dirt there goes like kitty litter when it comes back and hits you in the face. Horses don't run in the dirt that well, so you've got to kind of swing them out a little bit more. Due to the ground, you don't know where all

the holes are on the racetrack, and as the base gets used up more and more it will gather more holes up.

Ms. SCHAKOWSKY. So there is no way that even the best that you can do, that you can actually figure out where those holes might be until you hit them.

Mr. GARY BIRZER. Correct.

Ms. SCHAKOWSKY. Well, there's a lot of questions that are going to need to be asked of the panels that are upcoming, but I think that you've actually laid a very solid base for us, if you will, in telling us your story.

In my personal opinion, and I think what I am hearing from the questions of this panel, we are very concerned about the fact that people like you, Gary and Amy, would be left with really no safety net under you, especially since it was your understanding that you were paying for something that you simply did not get, that that benefit was cut without your knowledge whatsoever and that, subsequently, were it not for the charity of others and—and all of us appreciate that, too, and I appreciated your statement, Amy, the thanks that you gave to people, the additional remarks you made—that we ought to be able to do better than that, all of us, and that would include the Guild.

So thank you very much for your testimony.

Mr. WHITFIELD. Thank you, Ms. Schakowsky.

Dr. Burgess.

Mr. BURGESS. Thank you.

I, too, want to thank our witnesses for being here today. I know it wasn't easy. I want to thank you for your testimony. I want to thank you for providing the timeline in such clear detail.

I had a question about whether or not there were written copies of the policy that you received, but I guess we actually have some copies. Is this part of our record now?

Mr. WHITFIELD. Yes. It has not been entered. We have some blanket policies of future—of prior years that was in force, but we do not have this one entered yet.

Mr. BURGESS. Okay. But we have that policy? Well, I guess the question I have is, are you still covered by the Guild?

Mr. GARY BIRZER. Yes, sir. I'm sorry, sir. What I meant is my wife and my daughter are.

Mr. WHITFIELD. Dr. Burgess, there are two policies. There is an on-track policy that the Birzers thought that was in effect was not in effect. There is an off-track health policy for families that is in effect.

Mr. BURGESS. Okay. I thank you for—

Mr. WHITFIELD. The last policy is tab 26 in your booklet.

Mr. BURGESS. Just when you described your startup with the Guild, the retainer fee that you paid them and the cost per ride, that actually seemed like a pretty low figure, and even when we were up to the \$10 per ride. Can you give me any idea what the cost per month or what you paid per month or what you paid per year for the insurance?

Mr. GARY BIRZER. When Dr. Gertmenian and Matrix Capital was running the Guild, it was 560 a month.

Mr. BURGESS. That was your part of the premium? Did the track contribute any part to that or it was all covered by your contributions?

Mr. GARY BIRZER. That was covered by my—I'm not sure.

Mr. BURGESS. Can you give me any idea how many people nationwide would be under this insurance? What sort of revenue would they generate every year from the premiums that were gathered from the jockeys?

Mr. GARY BIRZER. I'm not sure, sir.

Mr. BURGESS. And I don't really have a clear idea of that either.

Mr. WHITFIELD. Well, to date, Dr. Burgess—you can't hold me to this conclusion—but it's in the neighborhood of 1,100 or 1,200 jockeys belong to the Jockeys' Guild; and at one time the tracks were contributing in the neighborhood of \$2.2 million per year, in addition to what the jockeys were contributing through their dues or through their individual mount fees.

Mr. BURGESS. So there is significant cash within the Guild itself at this time. Is that a fair statement?

Mr. GARY BIRZER. Yes, sir.

Mr. BURGESS. Now, you've covered it a little bit, but just so I understand, you have been instructed—and, of course, you're accompanied by what I consider is competent—I will wager as competent counsel. You have been told to consider suing the track itself, and you have described for us what the basis for that would be would be the condition of the base at the track.

Mr. GARY BIRZER. Yes, sir.

Mr. BURGESS. Was this generally known before your accident, about the condition at the base of the track?

Mr. GARY BIRZER. Yes, sir.

Mr. BURGESS. Did the jockeys discuss this amongst themselves?

Mr. GARY BIRZER. Yes, sir. You always know there are a couple spots in the base that's bad and everything, but they always changed the track surface, but they never, ever patched up the base or replaced the base or anything.

Mr. BURGESS. Well, just—the mental image you gave us of the kitty litter scenario—and I can't imagine running in kitty litter myself, let alone a horse in kitty litter. It doesn't sound inherently safe. But is this fairly typical for tracks around the country?

Mr. GARY BIRZER. No, sir.

Mr. BURGESS. Did the jockeys amongst themselves talk to the track management about this is not a good surface?

Mr. GARY BIRZER. Yes, sir.

Mr. BURGESS. Why would you all not—and this is probably off the mark, but why wouldn't you all just say we are not going to ride here until you fix this darn thing?

Mr. GARY BIRZER. The management at Mountaineer Park is very difficult to deal with.

Mr. BURGESS. I appreciate that, but, of course, I expect jockeys to be difficult to deal with if they got together.

Mr. GARY BIRZER. Basically she would come down there and tell us to leave.

Mr. BURGESS. I see. And then they would find other jockeys to ride?

Mr. GARY BIRZER. Yes, sir.

Mr. BURGESS. I don't know if it's fair to ask this, and your counsel may interrupt me, but are you at this time pursuing a claim against the track?

Mr. GARY BIRZER. Not at this time.

Mr. BURGESS. I presume they're watching the clock for you as far as the statute of limitations on this endeavor?

Mr. GARY BIRZER. Yes, sir.

Mr. BURGESS. It sounds like the track may bear some culpability—I am not a lawyer—but just from what your description of the situation is.

Well, what about do you think the Guild itself bears any responsibilities? Does the Guild itself have any culpability in what's happened to you since July 2004?

Mr. GARY BIRZER. I thought I would just be covered with my insurance and everything.

Mr. BURGESS. Again, you've got counsel at your side. I presume you've talked about it. Is there a claim against the Guild itself?

Mr. GARY BIRZER. We are trying to find out all the facts about that.

Mr. BURGESS. Well, just from my read of the Guild's financials for 2001 and 2002, they went from \$4 million in receipts in 2001 to \$6 million in 2002. I mean, I don't know what's happened to their financial since then, but it would seem to me that there is probably a significant amount of money within the Guild that is supposed to be available for just this type of injury that competent counsel could help you recover, just my opinion, of course.

Do you have an idea of the financial health of the Guild today?

Mr. GARY BIRZER. No, sir.

Mr. BURGESS. Have you asked for that information?

Mr. GARY BIRZER. Every time somebody asks about the paperwork from the Guild they always get a runaround, sir, that I know of. I've never gotten—if I asked for paperwork, it doesn't come to me.

Mr. BURGESS. You know, Mr. Chairman, I appreciate you having this hearing. It seems to me so much of this really belongs in litigation rather than in a congressional hearing. I appreciate the facts we are trying to uncover, but it sounds like we're not to the end of this story, yet, and I hope the outcome is ultimately successful for you and your wife, sir.

So the other jockeys right now that are covered, are they still covered by the Guild or has the Guild completely gone away?

Mr. GARY BIRZER. The jockeys that are still in the Guild, I don't know what they're doing. They say they're covered.

Mr. BURGESS. Well, again, horse racing is inherently dangerous, I would presume that since July 2004 there has been some other injury or claim against the Guild. Do you know whether or not that has happened and whether or not that claim has been successful? I mean, is the Guild just completely out of money at this point?

Mr. GARY BIRZER. I don't know what's going on.

Mr. BURGESS. Well, again, those are questions that, while I would be interested in the answer, I think you and your counsel would be significantly interested in the answer to those questions, and I wish you luck in getting those things resolved.



I do thank both of you very much for being here today. I know it wasn't easy.

Mr. Birzer, I guess I would probably ask you, you have probably been around horses all your life.

Mr. GARY BIRZER. Yes, sir.

Mr. BURGESS. Since your accident, have you been able to be around horses at all or has that just pretty much been eliminated?

Mr. GARY BIRZER. No, sir. I got hooked up with a trainer I used to ride for. She wound up quitting training and is running a riding center in Cincinnati, Ohio. I decided that I wanted to try to ride a horse again; and I called up the riding center, not knowing that she was running it. When she found out that I was wanting to try to ride and so she had gone ahead and called me back. And I have been riding there off and on the whole summer. Every Saturday I was riding a horse. And I wound up—I did get to go back to Riverdowns on September 4, and I did wind up riding a horse there at the grounds at Riverdowns.

Mr. BURGESS. Did your wife know about that? I assume you had permission.

Thank you both very much for your testimony today. I yield back, Mr. Chairman.

Mr. WHITFIELD. Thank you, Dr. Burgess.

At this time, I recognize Mrs. Blackburn for 10 minutes.

Mrs. BLACKBURN. Thank you, Mr. Chairman; and I want to thank our witnesses so much for taking the time to be with us today. We know it is not an easy day for you, and we do want to thank you for the time and the effort that you've gone through to be here with us today. It is important that we hear from you and get your perspective on this issue.

Amy, I think I want to talk with you first, if I may. I want to go back to your testimony, on page two of your testimony where you are talking about Mr. Fiss coming in to see you and your sister-in-law, see you and Bonnie in August 2002, and then reading Gary's testimony. It seems like Mr. Fiss was telling Gary that they were going to take care of him, but he was telling you to go sue the racetrack. Am I right in reading these two testimonies?

Mrs. AMY BIRZER. Gary—when he first came to see us, he was saying they could be of no assistance. Then, after Gary got to Squirrel Hill and it became why aren't you helping a jockey, he is a member of the Guild, when Gary asked for help from Mr. Fiss, then he replied they could help him.

Mrs. BLACKBURN. So basically, then, Mr. Fiss changed his story.

Mrs. AMY BIRZER. Yes, ma'am.

Mrs. BLACKBURN. Okay. I just wanted to be sure that I was following that. That was not clear to me.

So basically he said at first no help, then under pressure he bowed and changed his story to say that they were going to help.

Mrs. AMY BIRZER. Yes, ma'am.

Mrs. BLACKBURN. And then he went back and changed his story gain.

Mrs. AMY BIRZER. Yes, ma'am.

Mrs. BLACKBURN. That can't give other members of the Guild very much confidence in that Guild, can it?

Mrs. AMY BIRZER. I wouldn't think so.

Mrs. BLACKBURN. I wouldn't think so either. That would cause me to have a lot of questions.

Gary, let me ask you, if I may, please, sir, do we currently know how many jockeys are in the Guild?

Mr. GARY BIRZER. I don't know the numbers.

Mrs. BLACKBURN. Okay. And then you were paying \$10 a month and a hundred dollars a month to the Guild.

Mr. GARY BIRZER. A hundred dollars, a yearly fee.

Mrs. BLACKBURN. A hundred dollars a year. Excuse me, you're correct. Can you give me an idea of what the total amount was that you paid into the Guild during your career? Do you have that figure?

Mr. GARY BIRZER. No, ma'am.

Mrs. BLACKBURN. Do you know how much it was on an annual basis?

Mr. GARY BIRZER. Not off the top of my head. My wife might know that.

Mrs. BLACKBURN. Amy.

Mrs. AMY BIRZER. He paid about around \$64,000 into the Guild throughout his career.

Mrs. BLACKBURN. So you paid in a total of \$64,000 throughout his career, and that was to cover all of your fees and all of your insurance and the catastrophic care in case something were to be needed.

Mrs. AMY BIRZER. Yes, ma'am.

Mrs. BLACKBURN. \$64,000. And over what period of time did that turn out to be? How many years did that turn out to be?

Mrs. AMY BIRZER. Seven years.

Mrs. BLACKBURN. Over a 7-year period of time, \$64,000; that's pretty steep insurance, isn't it?

Mrs. AMY BIRZER. Yes, ma'am.

Mrs. BLACKBURN. It certainly is.

Let me ask you this. Amy, what has happened now? What kind of healthcare do you have or what kind of health insurance do you have? Is the Guild still providing something? Are you all still covered by a continuing policy? Was there any provision for that?

Mrs. AMY BIRZER. Myself and my daughter, yes, ma'am, we are still covered by the Jockeys' Guild.

Mrs. BLACKBURN. You are still covered by the Jockeys' Guild with their insurance. All right.

And, Gary, you said you were second generation, so I assume your dad was a jockey. Am I correct in that?

Mr. GARY BIRZER. Yes, ma'am.

Mrs. BLACKBURN. Do you have other family members that work in the industry?

Mr. GARY BIRZER. Yes, ma'am. My brother rides racehorses, too.

Mrs. BLACKBURN. Okay. So it kind of goes when your family has done something and been with an employer or part of a group, you kind of develop that trust, right?

Mr. GARY BIRZER. Yes, ma'am.

Mrs. BLACKBURN. And you expect that if they have been there for a period of time, they're going to continue to be there, and it's always sad when someone breaks that trust.

Now the other thing I want to know—and either of you to answer this—how much did the Guild and the racetracks compensate you for your injuries? Do we know what the monetary compensation is on that?

Mrs. AMY BIRZER. I don't understand.

Mrs. BLACKBURN. Say that one more time, please, Amy.

Mrs. AMY BIRZER. I don't understand exactly what you're asking.

Mrs. BLACKBURN. The Guild, when it came to paying all of the medical bills, do you know how much they covered? What was the total amount of the bills they covered?

Mrs. AMY BIRZER. The medical bills? Zero, ma'am.

Mrs. BLACKBURN. They covered zero of the medical bills. So your \$64,000 that you paid in bought you zero in health payments.

Mrs. AMY BIRZER. Yes, ma'am.

Mrs. BLACKBURN. In medical bill payments. All right. And then the racetrack has paid you how much?

Mrs. AMY BIRZER. They've paid a hundred thousand dollars.

Mrs. BLACKBURN. A hundred thousand dollars from the racetrack. Okay. Total?

Mrs. AMY BIRZER. Yes, ma'am.

Mrs. BLACKBURN. And you don't know what the total amount of those bills, what is still outstanding.

Mrs. AMY BIRZER. Over \$500,000.

Mrs. BLACKBURN. Over \$500,000.

Mrs. BLACKBURN. All right. Gary, let me go back, if I may, please, sir, to the testimony when you—you stated that you met with Mr. Fiss and Dr. Gertmenian, and you talked about suing the racetrack for your injuries, or they talked to you about suing the racetrack. I think that's the way it is in your testimony. Did either of them ever mention that they had canceled the insurance?

Mr. GARY BIRZER. No, ma'am.

Mrs. BLACKBURN. So that never came up.

Mr. GARY BIRZER. No, ma'am. All they talked to me is about how they wanted to sue Mountaineer Park.

Mrs. BLACKBURN. Okay. Do we know at this point if the—okay. So they talked with you only about suing Mountaineer Park. They never mentioned that the insurance policy had been canceled.

Mr. GARY BIRZER. No, ma'am.

Mrs. BLACKBURN. Okay. And when was it that you found out that the insurance policy had been canceled?

Mr. GARY BIRZER. I can't recall, I was being medicated.

Mrs. BLACKBURN. Okay. Amy, do you recall when you found out for sure that that insurance policy had been canceled?

Mrs. AMY BIRZER. Yes, ma'am. It was the first meeting when Mr. Albert Fiss came to see Gary.

Mrs. BLACKBURN. That August? That August meeting. Okay. And that's when you found out that it had been canceled. Before that you had not received anything in writing.

Mrs. AMY BIRZER. No, ma'am.

Mrs. BLACKBURN. All right. Thank you both so much for your time and for being here and for talking with us. We really appreciate that, and we wish you well.

Mrs. AMY BIRZER. Thank you.

Mr. WHITFIELD. Thank you, Mrs. Blackburn.

Mr. Birzer, thank you and Amy very much for being with us today. We genuinely appreciate your testimony, and as I said in the opening, we're gathering facts. We're trying to determine if there's some action that can be taken at the Federal level to address this issue in the long term, and your testimony has been invaluable to us, and we look forward to staying in touch with you. And, of course, the record will be open for a number of days in the event you all have any additional material that you would like to present.

Mr. WHITFIELD. So you're dismissed at this time, and we will now call up the second panel of witnesses. As we're changing out here, on the second panel we have a great group as well. We have Mr. Jerry Bailey, who's a professional jockey, Racing Hall of Fame. I think he recently—I'm not even going to say because I'm not sure, but he was a former Jockeys' Guild president. In addition, we have Mr. John Giovanni, who's a former professional jockey and former Jockeys' Guild national manager. We have Mr. Pat Day, former professional jockey, Racing Hall of Fame, and former Jockeys' Guild president. We have Mr. Eddie King, professional jockey and former Jockeys' Guild treasurer. We have Mr. Gary Donahue, who's a permanently disabled jockey. We have Ms. Tomey-Jean Swan, professional jockey and Co-vice Chair of the Jockeys' Guild Board of Directors. We have Mr. David Shepherd, professional jockey and Chairman of the Jockeys' Guild Board of Directors. We have Mr. Robert Colton, who's a professional exercise rider, former professional jockey and former member of the Jockeys' Guild Board of Directors, and then we have Mr. Chris McCarron, former professional jockey, Racing Hall of Fame, and former member of the Jockeys' Guild Board of Directors.

So as you can see from this panel, we have a lot of expertise in this area of the Jockey's Guild and insurance and issues relating to jockeys.

Now, some of you were here, and some of you were not here, but I'd indicated to you that it is the policy of this committee that we take all testimony under oath. And before we began, I wanted to ask any of you do you have any objection to testifying under oath? We're waiting for Ms. Tomey-Jean Swan and waiting for Chris McCarron. Everybody else is here. We'll wait for just a few minutes here.

Thank you, Mr. McCarron, very much for joining us. By video is Ms. Tomey-Jean Swan, who I indicated is a professional jockey and Co-vice Chair of the Jockeys' Guild Board of Directors. Can you hear me okay, Ms. Swan?

Ms. SWAN. Yes, I can. Can you hear me?

Mr. WHITFIELD. I can. Thank you.

As you're aware, the committee is holding an investigative hearing, and, when doing so, we have the practice of taking testimony under oath. Do any of you witnesses today have any objection to testifying under oath?

Okay. Now, do any of you have attorneys with you? As you know, it is the rules of the committee and the rules of the House that we do allow people to have legal counsel with them when they testify. Do any of you desire to be advised by counsel during your testimony today?

Mr. DAY. Yes, sir. Pat Day. Tim McCall is my legal counsel today.

Mr. WHITFIELD. Mr. Pat Day has legal counsel with him.

Mr. Donahue.

Mr. KING. Mr. King. I'm represented by Mr. Allen Milstein.

Mr. WHITFIELD. Mr. Day, who is your legal counsel?

Mr. DAY. Tim McCall.

Mr. WHITFIELD. Okay. Now, do your legal counsel intend to testify?

Mr. McCARRON. Chris McCarron. I'm being represented by George Cohen.

Mr. WHITFIELD. Does Mr. Cohen intend to testify? No.

Mr. DONAHUE. I'm also represented by Mr. Milstein.

Mr. WHITFIELD. So he's advising two of you. Okay. But the counsel is not going to be testifying, so in that case I would ask those who can will rise and raise your right hand, and I will swear you in.

[Witnesses sworn.]

Mr. WHITFIELD. Each of you is now under oath, and you may give a 5-minute summary of your written statement. And, Mr. Bailey, we'll begin with you.

**TESTIMONY OF JERRY BAILEY, PROFESSIONAL JOCKEY, MEMBER, RACING HALL OF FAME, FORMER PRESIDENT, JOCKEYS' GUILD; JOHN GIOVANNI, FORMER PROFESSIONAL JOCKEY, FORMER NATIONAL MANAGER, JOCKEYS' GUILD; PAT DAY, FORMER PROFESSIONAL JOCKEY, MEMBER, RACING HALL OF FAME, FORMER PRESIDENT, JOCKEYS' GUILD; EDWIN L. KING, PROFESSIONAL JOCKEY, FORMER TREASURER, JOCKEYS' GUILD; GARY DONAHUE, FORMER PROFESSIONAL JOCKEY; TOMEY-JEAN SWAN, PROFESSIONAL JOCKEY, CO-VICE CHAIRMAN, BOARD OF DIRECTORS, JOCKEYS' GUILD; DAVID SHEPHERD, PROFESSIONAL JOCKEY, CHAIRMAN, BOARD OF DIRECTORS, JOCKEYS' GUILD; ROBERT COLTON, PROFESSIONAL EXERCISE RIDER, FORMER PROFESSIONAL JOCKEY, FORMER MEMBER, BOARD OF DIRECTORS, JOCKEYS' GUILD; AND CHRIS McCARRON, FORMER PROFESSIONAL JOCKEY, MEMBER, RACING HALL OF FAME, FORMER MEMBER, BOARD OF DIRECTORS, JOCKEYS' GUILD**

Mr. BAILEY. Members of Congress, ladies and gentlemen, thank you for allowing me to address you today. As you know, my name is Jerry Bailey, and I'm a professional jockey in the thoroughbred racing industry and have been for the past 31 years. Although I'm a member of racing's Hall of Fame and won numerous major races, one of the most gratifying aspects has been times I was able to be the voice of reason and a representative on behalf of the jockeys across American.

I was an active member of the Guild for 29 years. During that time I served both as vice president and president. The Jockeys' Guild has traditionally been a social welfare organization, and their primary purpose over the years has been to provide jockeys in America with both health and on-track accident insurance, better and safer work conditions, as well as securing a fair and equitable pay scale.

The Guild was funded in most part by two mechanisms, one being contributions by the jockeys themselves, and the second, the annual moneys received from most racetracks in exchange for the radio and television rights of the jockeys.

Because of the rising costs of health care over the years and the fact that racetracks were unwilling to substantially increase their annual payments to the Guild, it was inevitable that the Guild was eventually going to be unable to afford the cost of both health care and on-track accident insurance for its membership. The membership was told of the financial concerns at each annual meeting in the late 1990's. The financial advisers warned that the Guild's investments, which had helped bridge the shortfall for several years, would fail to be the solution in the event the stock market took a downward turn of any great significance, and, of course, that indeed did occur in the late 2000's.

As this economic downturn occurred, the Guild notified the membership that it could not afford to maintain its health insurance plan. The Guild did, however, maintain the on-track accident insurance. In short, the Guild could not afford to provide both the on-track accident and the health care insurance, so it chose the on-track accident.

As news of the termination of the Guild insurance spread throughout the jockey colony, rumors of fraud and mismanagement were common, untrue but common. Those rumors were followed by allegations by those people that were seeking a change in management. It is my understanding that to this date no evidence of any wrongdoing by the former management was ever found.

In early of April 2001, there was a meeting at the Guild offices in Lexington, Kentucky. The purpose of that meeting was for the management team of the Guild headed by John Giovanni to answer any questions that members might have concerning the allegations of mismanagement or fraud. In attendance were myself; Pat Day, who was president at the time; John Giovanni; Robert Colton; Mike McCarthy; Tomey Swan; Tony Black via phone; and Chris McCarron.

At the conclusion of that meeting, it seemed to me as though all questions brought forth by McCarron, Colton and McCarthy were answered to their satisfaction. Sometime after that meeting, however, McCarron was in the process of introducing a Dr. Gertmenian to many Guild members across the country.

In June 2001, there was a special meeting requested of the Guild executive board, of which I was a member. The purpose of that meeting was to discuss the removal of John Giovanni from the position of national managing secretary. After several hours of discussion, there was a consensus that there was some action necessary; however, as I remember, there was no vote taken. It is my understanding, though, that immediate lockdown of the Guild office took place either late that night or early the next morning. I was unaware of the lockdown at the time, but in reflection I can only believe that Mr. McCarron, Mr. Colton, Mr. McCarthy and Dr. Gertmenian were in concert on this takeover.

I do recall that of all the executive Board members on the aforementioned call, five of us, Pat Day, Tony Black, Dean Kutz, Larry Melancon and myself, were opposed to Mr. Giovanni's removal. At

some point during that conference call, the topic of who would replace Giovanni was discussed. The name of a Dr. Gertmenian was introduced into the conversation. Dr. G was described as a close personal friend of Mr. McCarron, a professor at Pepperdine University, and a wizard at negotiations.

During the ensuing weeks I contacted Dr. G to conduct an informal interview so I might be well versed of his qualifications or lack thereof of the job of managing secretary of the Guild. I asked him to provide me with a few references, to which he answered repeatedly that those references were confidential, and that under no circumstances would he comply with my request. At that moment I began to distrust Dr. G.

Sometime thereafter I resigned from the executive Board as I felt that I could not serve with someone I did not trust. It was then that I knew I would eventually extract myself from an organization that I had lived and breathed for 25 years. My objective then was to find health insurance for my family and me, a mission that took over a year. It was and still is very hard to obtain as a jockey.

When Dr. G took control of the Guild, he made a promise to restore the health insurance to the jockeys. He did that all right, but he never notified me, still an active Guild member, that this new policy failed to cover jockeys for on-track accident insurance as the previous policy had, nor did he notify me that the on-track accident policy that was purchased by John Giovanni in April 2001 had lapsed. It is my understanding that there was never any formal notification of the lapse of that policy.

At that point I found it critical to obtain my own health insurance policy that would also cover me for on-track accidents. As soon as I obtained that insurance, I resigned from the Guild. At that point I became very distant from any Guild business.

To this day I truly hope that all the promises made to the jockeys from Dr. G come to fruition. Unfortunately over the past few years that doesn't seem to have happened. It is my humble opinion that the jockeys have been treated like secondhand citizens by this industry on many occasions. I also feel that we definitely do own our media rights and should be fairly compensated for them when used for profit by others. I also believe while we should be responsible for our own health insurance, we should not have to pay for health insurance coverage while on the job.

I came to Washington today to make a difference. If we're going to help jockeys across America, we need to address the issue of insurance. In the area of on-track insurance, some type of national program or policy needs to be explored. A national workman's compensation policy would be a godsend. I have broken 21 bones in my career, and I consider myself to be fortunate, fortunate in the sense that I was injured in States that had workman's compensation in place or tracks that maintained an on-track accident insurance policy that went well beyond the \$100,000 level. If 90 percent of the jockeys in America were to sustain a catastrophic injury tomorrow at a track that only insured them for \$100,000, they would be wiped out financially. It is my hope that here today with the help of Congress we will begin the journey to find a solution to the insurance needs of all the jockeys across America.

I sincerely thank you for taking the time out of your busy schedules to address the concerns of jockeys and the thoroughbred industry. Even though I'm in the twilight of my career, the issues we're addressing today are very important to me and will have a huge impact on an industry that contributes billions of dollars and countless jobs to the economy of our country. Thank you.

[The prepared statement of Jerry Bailey follows:]

PREPARED STATEMENT OF JERRY BAILEY

Distinguished members of Congress, ladies and gentlemen, thank you for allowing me to address you today.

As you know my name is Jerry Bailey, I am a professional jockey in the Thoroughbred Racing Industry, and have been for the past 31 years. Although I am a member of Racing's Hall of Fame, won numerous major races, and received many prestigious awards, one of the most gratifying aspects of my career has been the times in which I was able to be the voice of reason and a representative on behalf of the jockey's across America. As I said previously, I have been a Rider, not a Writer, so please bear with me.

In the next few minutes I would like to give you a brief overview of the situation that most jockeys in America find themselves in today as I see it...how we got here, some of the bumps in the road along the way and where we might be headed if the situation remains status quo.

The Jockeys Guild has traditionally been a social welfare organization. Their primary purpose over the years has been to provide jockeys in America with both health and on-track accident insurance, better and safer working conditions, as well as securing a fair and equitable pay scale. I was an active member of the Guild from 1974 until 2003 at which time I resigned due to my extreme distrust of the new management team headed by Dr. Wayne Gertmenian.

During the term of my membership, I served as a Regional Representative, followed by terms as Vice President of the Eastern Section, and ultimately President of the Guild for 7 years. The Guild was funded in most part by two mechanisms. One, being contributions by the jockeys themselves, jockeys would pay to the Guild (in their name) a per mount fee. As years went by, the fee went from \$2 to \$8. The majority of each per mount fee went to pay for the riders health insurance premium, and the balance of the per mount fee paid for the expenditures of running the Guild, (the split was 6/2 on an 8 dollar fee.) The more mounts ridden in a calendar year, the more each rider would contribute to his, or her account. Once a jockey's insurance premium was satisfied, the surplus was applied to less fortunate guild members' premiums. In other words, the more fortunate would help the less fortunate.

The second means of funding the Guild, was the annual monies received from most of the Racetracks in exchange for the radio and television rights of the jockeys. Those rights are assigned to the Guild by each member when said member joins the Guild. Because of the rising costs of health care over the years, and the fact that Racetracks were unwilling to substantially increase their annual payments to the Guild, it was inevitable that the Guild was eventually going to be unable to afford the costs of both the healthcare and on-track accident insurance for it's membership.

The membership was told of the financial concerns at each annual meeting in the late nineties. The Guild financial advisors warned that even though the Guild's investments, (which helped bridge the shortfall for several years), would fail to be the solution in the event the stock market took a downward turn of any great significance. Of course that did indeed occur in late 2000 and early 2001.

As this economic downturn occurred, the Guild notified the membership that since it could not afford to maintain it's health insurance plan, members would be placed in a Cobra plan which could satisfy the insurance needs of the riders for 18 months. During that time, each rider could obtain his own health insurance. The Guild did however maintain the "ON-TRACK" accident insurance. That insurance provided jockeys in states that did not have workman's compensation, coverage from \$100,000 to \$1,000,000 (by way of negotiation, the tracks provided the first \$100,000 of insurance). In short, the Guild could not afford to provide BOTH the health AND on-track accident insurance, so it chose the latter.

As the news of the termination of the health insurance spread through the jockey colony, rumors of fraud, and mismanagement of Guild funds by management were common. Untrue, but common. Those rumors were followed by allegations by some



that were seeking a change in management. It is my understanding that to this day, no evidence of any wrongdoing was ever found.

In early April of 2001, there was a meeting at the Guild offices in Lexington, Kentucky. The purpose of that meeting was for the management team of the Guild, headed by the National Managing Secretary John Giovanni to answer any questions that members might have concerning the allegations of mismanagement of funds or fraud. In attendance were myself, Pat Day, (president of the guild at that time), John Giovanni, Robert Colton, Mike McCarthy, Tomey Swan, Tony Black, (via phone), and Chris McCarron.

At the conclusion of that meeting, it seemed to me as though all questions brought forth by McCarron, Colton, and McCarthy were answered to their satisfaction. Apparently that was not the case, because some time after that meeting, Mr. McCarron was in the process of introducing a Dr. Wayne Gertmenian to many Guild members across the country.

In June of 2001 there was a special meeting (via conference call) requested of the Guild executive board (of which I was a member). The purpose of that meeting was to discuss the removal of John Giovanni from the position of National Managing Secretary. After several hours of discussion, there was a consensus that although there was some action necessary, there was no vote taken. It is my understanding that an immediate lock down of the Guild office took place either late that night or early the next morning. I was unaware of the lock down at that time. In reflection, I can only believe that Mr. McCarron, Mr. Colton, Mr. McCarthy, and Dr. Gertmenian were in concert on this take-over. I do recall that of all the executive board members on the aforementioned conference call, Pat Day, Tony Black, Dean Kutz, Larry Melancon and I were opposed to Mr. Giovanni's removal.

At some point during that conference call, the topic of who would replace Giovanni was discussed. The name of Dr. Gertmenian was introduced into the conversation. This "Dr. G" was described as a close personal friend of Mr. McCarron, a professor at Pepperdine University, and a wizard at negotiations, as he had worked for the Nixon administration in that capacity. During the ensuing weeks, I contacted Dr. G by way of a phone number Mr. McCarron had given me. The purpose of my call was to conduct an informal interview of Dr. G so that I might be more well versed as to his qualifications, or lack thereof, for the job of National Managing Secretary of the Guild. (I felt an obligation to the membership to either endorse this man or not). I asked Dr. G to provide me with a few references of previous employment, to which he answered repeatedly that those references were confidential, and that under no circumstances would he comply. At that moment, I began to distrust this "Dr. G".

Sometime thereafter I resigned from the executive board, as I felt that I could not serve with someone I did not trust. It was then that I knew I would eventually extract myself from an organization that I had lived and breathed for over 25 years. My objective then was to find health insurance for my family and me. A mission that took over a year (it was, and is still very hard to obtain as a jockey).

In June of 2002, I had the occasion to learn that a jockey in Louisiana had been injured on track, and was incurring bills of over \$100,000. I found that hard to believe. I was sure that the Guild had maintained its insurance policy for track accidents in states that did not have workmens' comp. It just so happened that Dr. G was at Belmont Park (where I was riding) that week, so I asked him if our on track insurance policy was still in effect. He told me it was. Being distrustful of the man already, I asked him the same question the next day, in a manner suggesting that I knew differently. His answer this time was, that he checked it out and found that the policy in question was cancelled by John Giovanni. He added that the Guild was looking into restoring it. It is a matter of record that John Giovanni purchased said policy on or about April 1st of 2001 (shortly before his ousting). Under Dr. G's watch, the policy was allowed to lapse one year later.

When Dr. G took control of the Guild, he made a promise to restore health insurance to the jockeys. He did that all right, but he never notified me, (still an active Guild member), that this new policy failed to cover jockeys for on-track accidents (as the previous policy had). Nor did he notify me that the on-track accident policy that was purchased by John Giovanni in April of 2001, and was in effect for one year had lapsed. It is my understanding that there was never any formal notification of the lapse of that policy.

At that point I found it critical to obtain my own health insurance policy, that would also cover me for on track accidents. As soon as I obtained said insurance, I resigned from the Guild. At that point I became very distant from any Guild business. To this very day, I truly hope that all the promises made to the jockeys from Dr. G, come to fruition. Unfortunately, over the past few years that doesn't seem to have happened.

It is my humble opinion that jockeys have been treated like second hand citizens by this industry on many occasions. I also feel that we definitely do own our media rights, and should be fairly compensated for them when used for a profit by others. I also believe that while we should be responsible for our own health insurance, we should not have to pay for insurance coverage while "on the job."

I mentioned in my opening paragraph, the direction this industry might be headed if things remain status quo. In the area of ON TRACK insurance, some type of national program or policy needs to be explored. A National Workman's Compensation plan would be a Godsend. I have broken 21 bones in my career and I consider myself to be very fortunate. Fortunate in the sense that I was injured in states that had Workmen's Comp in place or at tracks that maintained an ON TRACK insurance policy that went well beyond the \$100,000 level. If 95% of the Jockeys in America were to sustain a catastrophic injury tomorrow, at a track that only insured them for \$100,000, they would be wiped out financially. It is my hope that here today, with the help of Congress, we will begin the journey to find a solution to the insurance needs of all Jockeys across America.

I sincerely thank you for taking the time out of your busy schedules, to address the concerns of Jockeys in the Thoroughbred Industry. Even though I am in the twilight of my career, the issues we are addressing today are very important to me, and will have a huge impact on an industry that contributes billions of dollars and countless jobs to the economy of our Country. Thank you!

Mr. WHITFIELD. Mr. Bailey, thank you very much. We also hope that from this testimony we can begin to go down that road to insure adequate health coverage for everyone.

Our next witness is Mr. Giovanni.

Mr. Giovanni, you are recognized for 5 minutes for your opening statement.

#### **TESTIMONY OF JOHN GIOVANNI**

Mr. GIOVANNI. Thank you, Mr. Chairman, members of the subcommittee. My name is John Giovanni. I'm the former national manager and secretary of the Jockeys' Guild. Thank for the invitation to speak here today. I appreciate the opportunity, and I hope my testimony may be helpful to you.

For the purpose of introduction, let me tell you that I am a former jockey. I rode for approximately 20 years, and for all of those years I was a member of the Jockeys' Guild. For the last 13 years of my riding career, I served as director on the national board, and upon retiring from the saddle, I was hired as a regional manager serving in that capacity for 6 years.

In 1986, I was selected by a search committee from a group of 40-plus applicants to replace the retiring national manager Nick Jemas. At the December Board of Directors meeting, I was unanimously elected to that position; took office on January 1, 1987. I was reelected either unanimously or by overwhelming majority to six more consecutive terms and served in that capacity for 14 years, until, along with my entire staff, I was ousted in June 2001.

Now, I'll be the first to admit that we had plenty of work to do, and there were areas for improvement, but the Guild management had always been headed by a jockey, and in my written testimony you will see under the management and leadership of this former jockey, we accomplished much for the Guild and made great strides for members' health and welfare.

The Jockeys' Guild was incorporated in New York in May 1940 as a 501(c)(4) social welfare organization. It was founded by a group of the country's most prominent riders, the goal in mind of improving the quality of life for jockeys and their families. Their

foremost concern was the need for insurance coverage to provide for their injuries.

By January 1941, an insurance plan underwritten by Lloyds of London covering all jockeys for racing injuries with an accidental death benefit of \$5,000 in place at most major racing facilities.

Over the next 60 years the benefits increased. In the mid-1960's, by trading jockeys' media rights, the Guild acquired the funding for health insurance, and the original policy purchased was a \$250,000 major medical plan. This plan paid for medical expenses for member jockeys who surpassed the cap on the on-track accident program and was incorporated into every ensuing health insurance contract provided by the Jockeys' Guild.

Union Labor Life Insurance Company, ULLICO, was the Jockeys' Guild health insurer in 2000 and had been throughout much of the 1990's. It was a very bad year, and there were a great many health claims and several on-track injuries that went over the \$100,000 mark. One track accident claim in particular was for over \$600,000. These high claims led to a 43 percent increase in premiums for the 2001 renewal. We were prepared for about a 20 percent increase and, in fact, had received comparable increases in two previous years, but 43 percent was devastating, and we could not afford it.

Through a series of meetings to address this problem, the Guild's executive committee directed me to renew the plan only in States where the Guild received State funding, namely California and Delaware. In all other States I was directed to make arrangements for the membership to switch to COBRA for their health care benefits. Members could make payments directly to ULLICO and keep their Guild health plan in place for another 18 months. In an effort to help the membership better afford these expenses, Guild fees were reduced from \$8 to \$3 per mount.

The executive committee also instructed me to find and secure a catastrophic policy that covered members for on-track injuries. We did that immediately and purchased a policy for \$1 million per accident. This policy covered all Guild members who required coverage whenever they raced, in any jurisdiction that lacked worker's compensation. This policy was paid for 1 year in advance and was effective April 1, 2001, through March 31, 2002. The members were now guaranteed on-track medical coverage of at least \$1 million. Additionally, members in California and Delaware and the others who opted for COBRA had family coverage. Because of the importance of these benefit changes, each member was notified well in advance.

Mr. Chairman, I would like to emphasize that every single decision affecting the members or the direction of their Guild was authorized by the executive committee. We always advised the committee of the status of our financials and insurance and other major issues, and the committee made the final call on how to proceed. I worked for them, not the other way around.

The Jockeys' Guild was a democratic labor organization, held regular elections of its Board of Directors every 2 years. I was elected in 2000 for a 2-year term as national manager; however, at the same time as our health care crisis, a small group of jockeys led by Chris McCarron, who had a long-standing relationship with Wayne Gertmenian, decided to capitalize on the health care emer-

gency and hand over the Guild and its millions of dollars of assets to Gertmenian and its company, Matrix Capital Associates.

I, along with my staff, was removed from office June 16, 2001, 6 months into my term. Since then I've watched in dismay as the institution I served all of my adult life deteriorated into something I could barely recognize. The Guild is no longer an effective voice for jockeys and has abandoned its traditional role as their protectors. No longer is there a contract with the TRA, and no one can be certain if there's any on-track accident coverage, by whom it is underwritten or how much coverage it provides. The health insurance plan is at least double the cost, yet disallows coverage for on-track injuries.

Many tracks no long recognize the media rights agreement and pay nothing to support member insurance benefits. Some horse-men's bookkeepers do not even collect mount fees. The Guild now faces antitrust litigation by one of the countries premier racing associations and several suits filed by members.

The Disabled Jockeys' Fund is defunct, and there is at least one permanently disabled member facing enormous medical bills who had been left to fend for himself. The Guild financial information is cloaked in mystery, and, while it has been subpoenaed before the subcommittee, has not been forthcoming.

More than 60 years of progress made in funding ever-increasing insurance benefits for the Guild's members appears to have vanished. On behalf of those who fought so long and hard for these basic needs, I ask why this occurred, who is responsible, and, most importantly, how it may be restored. Thank you.

[The prepared statement of John Giovanni follows:]

PREPARED STATEMENT OF JOHN GIOVANNI

Good morning Mr. Chairman and members of the Subcommittee. I am John Giovanni, former National Manager and Secretary of Jockeys' Guild, Inc. Thank you for the invitation to speak here today. I appreciate this opportunity and I hope my testimony may be helpful to you.

For the purpose of introduction let me tell you that I am a former jockey. I rode for approximately twenty years (September 2, 1961 to March 30, 1981) and for all of those years I was a member of the Jockeys' Guild. For most of those years I was an active member on all the jockeys' room committees at every racetrack where I rode and for the last thirteen years of my riding career, I served as a director on the national board. Upon retiring from the saddle I was hired as a regional manager serving in that capacity for six years. Although originally assigned to the Maryland, Delaware, West Virginia and Pennsylvania, within six months I was traveling the entire country on Guild business. In 1986 I was selected by the Jockeys' Guild Search Committee from a group of forty plus applicants to replace the retiring National Manager Nick Jemas. At the December Board of Directors meeting that year I was unanimously elected to the position and took office on January 1, 1987 to serve a two year term. I was reelected either unanimously or by an overwhelming majority to six more consecutive terms and served as the Jockeys' Guild National Manager and Secretary for fourteen years until, along with my entire staff, I was ousted on June 16, 2001.

The Jockeys' Guild was incorporated in New York in May of 1940 as a 501(c) 4 social welfare organization. It was founded by a group of the country's most prominent riders with the goal of improving the quality of life for jockeys and their families. Before the Guild was formed a jockey colony had to deal with injuries, medical emergencies and financial difficulties by passing the hat. The jockeys who had gave to the jockeys in need.

To illustrate, in the 1930's there were no ambulances, first aid rooms or doctors on the grounds of a racetrack. If a rider was hurt he had to fend for himself. My friend Sam Renick told me how he fell in a race at the old Jamaica Race Course in New York in 1939. He suffered a compound fracture to his left leg and was taken

to the hospital by a member of the starting gate crew in an old pickup truck after the last race. Sam considered himself lucky because at the time he was under contract to one of the most powerful stables in the industry and could afford to pay his own medical bills. That incident however, was the last straw. Sam, Eddie Arcaro, John Longden, Irving Anderson and a small group of jockeys riding in New York went to work and founded the Jockeys' Community Fund and Guild.

Among the first concerns for the new Guild was the need for insurance coverage to provide for the expense of their injuries. They pressed hard and by January of 1941 an insurance plan covering jockeys for racing injuries and accidental death was in place at most of the major racing facilities across the country. Lloyds of London underwrote the policy and it covered all jockeys, not just Guild members. Sadly, the first benefit of \$5000 was paid in February of that year to the family of Joseph Giangasparo, a non-Guild member, who was killed at Hialeah Park in Florida.

Over the next 60 years, as a result of some difficult negotiations and bitter battles, the benefits increased. In the mid 1960's by trading media rights to the racing associations the Guild acquired the funding for health insurance. The original health plan was with Blue Cross Blue Shield of Rockford Illinois and it covered all Guild members and their dependents. The plan maximum was \$250,000 per insured and it included a provision to pay medical expenses for a member jockey who was hurt on track and who had reached the maximum coverage provided by the racing association. Until April of 2001 the provision to pay medical expenses for member jockeys who surpassed the cap on the track accident program was incorporated in every health insurance contract purchased by the Jockeys' Guild. At that time the Guild members were covered for \$100,000 by the on track accident coverage and \$1,000,000 through our health plan with ULLICO.

The year 2000, however, was a very bad year injury and health wise for the membership. There were a great many health claims paid by ULLICO and several on track injuries that went over the \$100,000 mark. One claim in particular was for a young lady named Stacy Burton who fell at Prescott Downs in Arizona. Miss Burton was in a coma for quite some time and was lucky to be alive. Her medical expenses were tremendous and I believe ULLICO paid about \$600,000 on her behalf.

These high claims costs led to a 43% increase in premium for the ULLICO policy renewal in 2001. We were prepared for about a 20% increase and, in fact, had received comparable increases the two previous years but 43% was devastating and we could not afford it. Through a series of executive committee meetings, it was decided to renew the ULLICO plan only in the states where the Guild received state funding, namely California and Delaware. In all the other states arrangements were made for the membership to switch to COBRA. In this way, each member not eligible for health coverage in California or Delaware could make payment directly to ULLICO thereby keeping their Guild health plan in place for another 18 months. In an effort to help the membership better afford these expenses, mount fee assessments were reduced from \$8.00 to \$3.00.

Realizing it would be easy for a member to forget to make payments on a timely basis and lose their coverage, I proposed that we find a company to insure the jockeys for \$1,000,000 over and above the racetrack limit of \$100,000 for accidents that would happen at the track. I suggested that we use monies earmarked specifically to subsidize the now unaffordable health plan to pay for it. Mather and Company, American Specialty Underwriters, Inc, and Segal and Company were requested to find such a policy. Mather and Company was the only broker who could place such a catastrophic plan and the cost was \$443,000.00. Given the risks that jockeys take, this was a very reasonable cost for a policy.

The catastrophic policy was paid in full, for one year in advance, became effective April 1, 2001 and was to be in force through March 31, 2002. Now at least Guild members injured on track were guaranteed medical coverage of \$1,000,000. And contrary to the claims by the current Guild leadership, that policy covered all of our members who required coverage any time they were not riding in a state that had workers compensation for jockeys (there were a handful of \$2 members who expressly chose not to have Guild coverage). Members in California and Delaware and those who elected COBRA also had family coverage. With this plan in place, I felt I had enough time to lobby for funding to again provide a lowcost subsidized health plan for our members and their families.

However, while we were dealing with these issues a small group of individuals was maneuvering to take over the Jockeys' Guild. Chris McCarron who had resigned from the Guild some years previously, and Robert Colton who was not a member for many years rejoined the Guild sometime around August of 2000. They campaigned vigorously for positions on the national board, lobbied aggressively for seats on the executive committee and came to the December 2000 board meeting equipped with a plan. This plan, I have every reason to believe, was designed by McCarron's

close friend Wayne Gertmenian. For weeks before the board meeting McCarron and Colton deluged my office with pages of questions regarding Guild transactions and requests for supporting documentation. Every question was answered and every supporting document was forwarded in a timely fashion.

At the December board meeting McCarron and Colton initiated rumors of mismanagement and fraud. They continued to make these allegations after the board meeting and traveled from track to track, sometimes with Gertmenian, spreading these rumors all across the country.

In January Colton and Michael McCarthy came to the Lexington office and spent three days copying reams of documents. They were shown everything they requested and were given unfettered access to the file room and copy machine. They left with boxes of paper and then spread the report that I would not cooperate and give them what they needed.

After their visit things progressively worsened. With a hope of clearing the air, Guild President, Pat Day called for an executive committee meeting in the Lexington office for April 2nd and 3rd. The meeting was attended by Chris McCarron, Robert Colton, Tomey Swan, Michael McCarthy, Jerry Bailey, Larry Melancon, Dean Kutz, Anthony Black (by telephone), Tom Kennedy, Pat Day and myself. I answered and provided support and documentation for all of the questions asked. Just two months before I was fired in the middle of the night, I was given a unanimous vote of confidence by the executive committee to continue in my capacity as national manager.

Now, I will be the first to admit that we had plenty of work to do, and that improvements needed to be made. But I would also like to point out that under my leadership, our management team had accomplished much. I was one of the main architects of the New York Jockeys Injury Compensation Fund, a workers' comp program for jockeys and exercise riders that should be the model for the rest of the nation's racing jurisdictions. Mr. Chairman, I understand you are having follow-on hearings on that topic, and I would be more than happy to provide further testimony about the advantages of a New York-styled fund at that time. I would also be happy today to briefly comment on the workers' comp plan that your home state is considering at this very moment.

Mr. Chairman, I was also part of the team that pushed the Maryland legislature to adopt a workers' comp program for jockeys in that state. Further, it was under my leadership that the Guild persuaded California to give the Guild a half million dollars, increased annually, and Delaware to give the Guild \$350,000 annually, to subsidize the health insurance costs of jockeys from those respective states. Today, those funding streams appear to be in jeopardy because of the current Guild's lack of transparency. It would be a devastating loss if the Guild were to lose these resources from California and Delaware.

We also persuaded the Massachusetts and West Virginia legislatures to do the same. We also had made plans to convince other racing jurisdictions to help our jockeys in the same way. I never got the chance. The real shame is that the new Guild management has never taken advantage of the moneys we convinced West Virginia to set aside for us. And finally, I would like to point out that my management team created the Disabled Jockeys' Fund—that fund started with little more than a personal \$100 contribution, but when I was fired, we had over \$1.3 million in that fund. We aggressively pushed for donations and raised funds for that account, and each year we always had more money coming in than going out. There was nothing more important to me than taking care of our disabled membership. And we did. We never let them down. My understanding is that the new management has never sought donations and revenue for that fund.

Moving back to my earlier comment about providing to the Executive Committee documentation supporting everything the Guild management did and answering all the questions the Committee had—let me emphasize that this was always the case during my time as national manager. Every single decision affecting the members or the direction of their Guild was authorized by the Executive Committee. We always advised the Committee of the status of our financials and insurance and other major issues, and the Committee made the final call on how to proceed. I worked for them, not the other way around.

I must make one final comment in defense of my tenure as National Manager. I have heard that the current Guild's management has made statements to the effect that I was opposed to growing our membership and that I was opposed to including Latinos in our organization. That is a ridiculous and untrue characterization of either me personally or my policies as National manager. Our organization was open to all professional jockeys who met the membership standards and everyone of any color or background was welcome. We worked hard to keep our membership numbers strong. Today, the Guild's management and board members may testify

that the Guild has tremendously grown, but that is somewhat a hollow claim. Today's Guild has largely increased its membership by reducing the eligibility requirements from riding 100 mounts in a year, to riding a single mount in the past 12 months. Thus, many of those in the Guild's expanded membership today are exercise riders—not professional jockeys.

After the April meeting's conclusion, and the unanimous vote of confidence, I left the meeting believing that everything had been resolved and that we could all move forward. I could not have been more wrong. Colton and McCarthy were in Pennsylvania two days later denying they had given me a unanimous vote of confidence and continued their allegations of mismanagement and fraud.

All these events culminated in a hastily convened conference call that was requested by McCarron on June 15th, 2001. The conference was to include only the executive committee members and I was not allowed to participate. I have only second hand knowledge of what transpired, but I do know that there are widely differing opinions regarding the meeting and exactly what did transpire. In any event the following morning, June 16th, I received a fax signed only by McCarron informing me that my entire staff and I were terminated. We were locked out of the Guild offices and a new group literally moved in.

Pat Day, as president, called for an executive committee meeting to sort out the differences. The meeting was boycotted by McCarron, Swan, Colton and McCarthy leaving the committee one member short of a quorum and rendering it unable to conduct business.

For the last 4½ years I have remained relatively silent but this continuing calamity for jockeys and their families precludes me from being silent any longer. Somewhere along the way the people who orchestrated these changes lost sight of the original objective and turned the Jockeys' Guild into something I barely recognize. There is no longer a contract with the TRA and no one can be certain if there is any on track accident coverage, by whom it is underwritten or how much coverage it provides. The health insurance plan is at least double the cost yet disallows coverage for on track injuries. Many tracks no longer recognize the media rights agreement and pay nothing to support member insurance benefits. Some horsemen's bookkeepers do not collect mount fees. The guild is facing antitrust litigation filed by one of the country's premier racing associations and has several lawsuits filed against it by its own members. The Disabled Jockeys' Fund is defunct and there is at least one disabled member facing enormous medical bills who has been left to fend for himself. The Guild financial information is cloaked in mystery and, while it has been subpoenaed before this subcommittee, has not been forthcoming.

More than sixty years of progress made in funding everincreasing insurance benefits for the Guild's members appears to have vanished. On behalf of those who fought so long and hard for these basic needs, I ask why this occurred, who is responsible and, more importantly, how it may be restored. Thank you.

Mr. WHITFIELD. Thank you, Mr. Giovanni.

At this time I recognize Mr. Pat Day for his opening statement.

#### TESTIMONY OF PAT DAY

Mr. DAY. Thank you, Mr. Chairman.

I would like to first state how proud I am of Gary and Amy and for their courage to come and testify here today. It was heart-rending to say the very least.

Distinguished Members of Congress, thank you very much for the opportunity to address you today. My name is Patrick Alan Day. I'm a recently retired professional thoroughbred jockey. On August 4, 2005, I announced my retirement after a highly successful career that lasted 32 years, all of which I was a member of the Jockeys' Guild. Let me restate that: Up until 2001.

I'm a member of the National Racing Hall of Fame, have received numerous prestigious awards, won over 8,000 races, and my mounts have earned nearly \$300 million in purses. I've always been an advocate for the jockey colony and had been a member in good standing with the Jockeys' Guild until June 2001 when I resigned from that organization because of what I felt was wrongful treatment of the national director John Giovanni and my distrust

of the new management company and the parties directly responsible for the aforementioned action.

At the time I was the president, a position I had been holding for approximately 18 months. I had previously been the vice president, and I had been active on the Board of Directors for a number of years.

I am here today, sir, to answer any questions you might have relating to the Jockeys' Guild and business relevant to this hearing. I appreciate your concern for the plight of the jockey colony and all the time and understanding expended, and I'd like to add that throughout the entire time that I was working with John Giovanni as the national managing director and the executive committee at that time, I had no reason then, nor do I now, to feel that he was ever anything but trustworthy and fully committed to the organization.

Thank you very much, sir.

Mr. WHITFIELD. Thank you, Mr. Day.

At this time we'll recognize Mr. Eddie King.

#### TESTIMONY OF EDWIN L. KING

Mr. KING. Thank you, Mr. Chairman. Mr. Chairman, distinguished members of the subcommittee, thank you for the opportunity to speak today. My name is Edwin L. King, and I have been a member of the Jockeys' Guild 26, 27 years that I have been riding thoroughbreds. As a Guild member I served as a Guild rep, and many checks I have written. In 1999, I was elected to be a director, in 2002 I became treasurer of the Guild.

The Guild was started in 1940 by Eddie Arcaro to protect jockeys by placing their safety and welfare first. He developed a code of standards members were to abide by. I feel that most important is to assist in a very honorable way of furthering and protecting the interests of our members. These are tasks the Guild's current management has failed to do by allowing our catastrophic insurance to be canceled.

Being jockeys comes with dangers. We've all experienced fractures.

Mr. WHITFIELD. Excuse me, would you mind moving the microphone a little closer?

Mr. KING. I can't explain the shock and dismay I had when Gary Birzer went down, learning Guild members had been riding without catastrophic insurance for over 2 years.

We risk our lives on track. The Guild cannot play Russian roulette with our health. This is reprehensible. Catastrophic insurance is not a luxury, it's a necessity. I'm here to tell you what I know about the troubling experience I've had with the current Guild leadership.

Shortly after becoming treasurer, Dr. Gertmenian called my home requesting my permission to move \$1 million from the Disabled Riders Fund to another account unspecified at the TIME. He assured me all moneys would still be accessible to take care of the special needs of our disabled riders. He explained we needed to create the impression the fund would be bankrupt very soon, and that doing this would encourage donations. I asked him if he was sure this action was proper. He stated that I should trust him because



he was more intelligent and much more highly educated than I was and would not do anything to jeopardize that trust. So I agreed.

In March 2003, an event took place that gave me even more alarm to my removal of money from the fund. Robert Colton, former Jockeys' Guild member, expressed concerns about the Guild's accounting and recordkeeping. I repeatedly contacted the Guild office, Tomey Swan and fellow Board members to get documentation on where, when or if the money had actually been transferred. I never got an answer. I became more and more frustrated as important financial documents I'd ask for were never given to me.

On May 15, 2003, I resigned from the treasurer, but when I received assurances from friends and members that I would have no more problems, I withdrew my resignation. At the national assembly in 2003, I was replaced as treasurer even though my term was to last 3 years. I still wanted to know about the Disabled Riders Fund's money and spent most of 2004 trying to figure out where it went.

During a teleconference on August 8, 2004, Tomey Swan stated I was trying to start trouble. After explaining the initial conversation Dr. Gertmenian and I had December 2002 regarding the \$1 million, Dr. Gertmenian first said that we never had spoken. Then he said I misunderstood, it was only \$250,000 to be deposited into the disabled jockeys endowment. When Dr. Gertmenian originally asked for the \$1 million, the endowment was not in place.

In October 2004, after I spoke to the press about the Guild's problems, my wife and I began receiving harassing phone calls from various members of the Guild. Darrell Haire and Tomey Swan told me I should resign so the issues would go away. However, I was determined to make sure that my fellow riders' member payments and mount fees were being used responsibly and the disabled would be cared for, so I refused.

November 7, 2004, via teleconference, the senate of the Guild removed me from my seat without formal charges. In December I was expelled from the Guild during a meeting I was not allowed to attend, I believe at the direction of Dr. Gertmenian.

Today my family and I continue to fight to get the off-track health benefits I am eligible for as a jockey riding in Delaware. The Guild continues to deny me that right. After 3 years we still have no answers about what happened to the money from the Disabled Riders Fund. The current Guild leadership still refuses to be financially transparent and accountable to its members. My family and I are struggling to get health coverage we have earned. In addition, perhaps most important, the national program for catastrophic insurance is gone.

Dr. Gertmenian has a great account, but Gary Birzer is without the help he desperately needs. For the sake of my fellow riders, I hope this hearing will help right these wrongs.

Mr. Chairman, thank you for the opportunity to address the subcommittee. Please accept my full written testimony to the Congressional Record. I would be happy to respond to any further questions.

[The prepared statement of Edwin L. King follows:]

PREPARED STATEMENT OF EDWIN L. KING, THOROUGHBRED HORSE JOCKEY, FORMER  
TREASURER, JOCKEYS, GUILD

Mr. Chairman and distinguished Members of the Subcommittee, thank you for the opportunity to discuss the health and welfare of our jockeys.

My name is Edwin King and I have been a member of the Jockeys' Guild for 26 of the 27 years I have been a thoroughbred jockey. If it had not been for the many barriers and lies by Dr. Gertmenian, Albert Fiss, and the present Guild management, I would still be a member. During my years as a member I served as a Guild representative at many different racetracks. I have ridden in Colorado, Arizona, Illinois, New York, and Florida. I have spent the last 17 years based in New Jersey. In 1999, I was elected to be a Director of the Guild. In 2002, I became Treasurer. I was very proud my fellow members had put their faith in me, to be one of their leaders. Now because of the above mentioned and their campaign of lies against me around the riding colonies in the U.S., the same riders look upon me as if I have done something wrong.

I am probably one of the few riders who also have family ties to the original Guild organization. Two of my grandfathers, three of my uncles and my father were all Guild members. The Guild was started in 1940 by Eddie Arcaro to protect its members and put their safety and welfare first, which the current Guild leadership has failed to do by allowing our catastrophic insurance to be canceled without a plan in place.

#### **Health and Welfare of Jockeys**

It was very sad to hear of Gary Birzer's accident and even more so to hear that our catastrophic insurance had been canceled. Only after the accident was it brought to my attention we no longer had this benefit. Immediately I contacted Albert Fiss to find out the truth. After dancing around the question he admitted the policy was no longer in affect and had not been for sometime. As a Guild board member, this is something that I should have known. From the time it was put in place by John Giovanni, I had informed my wife, if ever I was severely injured, she should know there is an on-track insurance policy through the Jockeys' Guild. To my knowledge, this policy was still in place and it had never been discussed on any calls or meetings that I had attended.

Once the news of the loss of our catastrophic policy was revealed, Dr. Gertmenian started with the lies. He began by spreading rumors that Mr. Giovanni had canceled the policy, and then it was Jerry Bailey and Pat Day. I recently heard that it was cancelled by the board that was serving at that time. Now we all know Dr. Gertmenian took it upon himself or by the advice of Matrix to cancel the one most important things to a jockey. He just fails to take responsibility for his mistakes and failures.

We as jockeys risk our lives every minute we are in our workplace environment. Catastrophic insurance is not a luxury; it is an absolute necessity. This management should be ashamed of itself for allowing this to happen and it should be held accountable for the riders and their families that have been injured during the time period after this policy was dropped. Dropping this policy without having another one in place was just playing Russian roulette with the members' lives. This is a game they lost and continue to deny responsibility for by finding others to blame.

This is just one of the many barriers that I have faced trying to work with the current Guild leadership. I do believe that the cost should be shared in our industry for catastrophic insurance. Thoroughbred horseracing is considered to be one of the most dangerous occupations you can be in. It is time that a thoroughbred jockey is considered a viable part of this industry.

#### **Disabled Jockeys' Fund**

In December 2002, I became the Treasurer of the Jockeys' Guild. This is a position I did not want. Dave Sheppard, now our Chairman, nominated me to the position. There were no other nominations so I did what I always do and accepted the responsibility. I took my new position very seriously. After reviewing what was expected of the Treasurer and all the duties that came with it, I was not sure I really wanted it. Approximately two to three weeks after the Guild Assembly that was held in Dallas, Texas, I received a call from Dr. Gertmenian requesting approval to remove \$1 million from the Disabled Jockeys' Fund in order to give the impression that the Fund was going bankrupt and entice people in and around the horse-racing industry to make donations. During our conversation, I asked if he was sure it was okay to do what he was asking. Dr. Gertmenian said that he was highly educated and much more intelligent than I was and that should merit my trust. At that time, I gave my approval.

In the latter part of March 2003, I received phone calls from fellow board members and Robert Colton who was working for the Guild in California. He was having some concerns regarding the new Guild management team and stated that the accounting and record keeping was less than desirable. An emergency Board meeting was called for all Board members to meet in California. At the meeting Mr. Colton appeared to have done his homework. Those of us who know Robert know he is very articulate. During his presentation the management team, specifically Lisa Haley, Albert Fiss, and Steven Rice constantly cut Robert short saying he did not understand the dynamics of creative bookkeeping. He was not seeing the picture they told him repeatedly. He tried to show us the number of riders who were in error on the health insurance plan. That number was between 50 and 100. Robert talked to us about the commingling of riders' dues and per mount fees in the operating account, which Steven Rice admitted to me later the next month was actually true. After the continued abuse by Dr. Gertmenian's team Robert, lacking any other choices, packed up and left the premises. After listening to the information Robert had presented I became very concerned I had made a tremendous mistake approving the removal of any funds from the Disabled Jockeys' Fund. Because I hadn't received any documentation on where the \$1 million had been transferred to, exactly when it had been transferred, or if it had been transferred I knew my mission was to make sure the money was in a separate account, earmarked just for the permanently disabled with every penny accounted for. I have since then learned that a portion of the \$1 million was transferred around the middle of December 2002, which was prior to Dr. Gertmenian's call to me. Where those funds were distributed, I am still not clear on.

On numerous occasions, I contacted the Guild office looking for these answers without resolution. I not only was in search of the disabled Riders Fund but also records on the numerous bank accounts—i.e., the operating, payroll, and media rights accounts,—investments, credit card statements, along with receipts and corresponding logs. I asked for rental receipts for the office. The list seems that it could go on forever on what was asked for and what was never received. I had e-mailed Tomey Jean Swan and my fellow Board members with the hope they would help me resolve this problem. This went on for approximately 18 months. Ms. Swan's responses to my e-mail were always very vague, but at one point, Ms. Swan did advise me that the \$1 million was being used by the Guild to self-insure. That was the first I had heard that. I got so many different answers it was amazing where this \$1 million was moved. However, never did I get what I was asking for: the documentation to prove where it was.

Finally, a phone conference was scheduled for August 8, 2004, which happened to be our biggest day in racing at Monmouth Park. My wife and I had a dinner engagement with an owner and trainer of a horse that I had ridden that day, resulting in me being late for the call. A few moments after connecting I heard Ms. Swan state that I was trying to start trouble in the organization. At that time, I explained that I would state my reasons for asking for the conference. I explained the conversation between Dr. Gertmenian and me about the \$1 million.

Dr. Gertmenian immediately stated that our conversation had never happened, that I misunderstood him, and then that he only asked for \$250,000. I became very angry and Dr. Gertmenian and I had an extremely volatile exchange in the presence of the entire Guild senate. After a cooling out period, Ms. Swan explained that Dr. Gertmenian would often say something that was false and she would have to correct him by saying, this is probably what you meant to say.

It was decided that Albert Fiss, Ray Sibille, and myself would get together via a three-way phone call and go through the account transactions and reach a conclusion on the Disabled Jockeys' Fund. Due to some unforeseen circumstances, we were not able to accomplish this. In the meanwhile, I copied everything and forwarded it on to Tom Megale, a CPA based in New York. Tom advised me that he could not make any conclusions or recommendations based on the information he was going through and that he did not think it was what I was looking for. With the information I was provided I noticed some temporarily and permanently disabled riders from California and Delaware were paid from The Disabled Jockeys' Fund. Normally you might think this was not improper but there are state programs to take care of riders eligible in those states. I had asked Albert Fiss how the Disabled Jockeys' Fund was disbursed to pay temporarily disabled riders, including the Delaware and California jockey colonies, and how the funds were reimbursed. Mr. Fiss advised me that when those programs paid in, they would reimburse the Disabled Jockeys' Fund. The real problem here is that the fund is a charity and was set up for the special needs (electric bills, house payments, auto repair bills, doctors' bills, etc.) for the disabled riders, not to make the temporary disability payments for the guild.

### **Expulsion from the Guild**

In October 2004, a friend informed me that he had been talking to the Labor Department and I would be receiving a call from a woman investigator. Two days later, reporter Liz Mullen called. It did not register exactly who she said she was, so when she asked a question I answered it to the best of my knowledge. Ms. Mullen's questions were all in reference to the catastrophic policy and the Disabled Jockeys' Fund. Ms. Mullen asked if I was aware the catastrophic insurance had been dropped and when or if I had been notified. I explained to her that I was unaware until I heard about Gary Birzer. Liz asked me about the Fund and I gave her the full explanation. How I had spent months trying to find answers and the roadblocks I had encountered. She actually knew that most of the money was gone before I did. Liz went to the Internet to find out information and helped me to find out more disturbing facts. She showed me how to find the Guild's filings with the IRS and the Labor Department LM2 and LM30 forms. They were either not filed or were extremely late.

Approximately one week after Ms. Mullen's article was published and another by Bill Christine from the LA Times I received an angry phone call from Dave Shepherd, our Vice Chairman. He said that I should not have aired anything to do with the Guild in any open forum. During our conversation, I informed him that as members of the Board of Directors we were not doing our fiduciary duties with the way things were being handled. In response, he informed me that I should resign because I had done tremendous damage to the Guild, and threatened that if I did not resign, "there would be consequences." He would not elaborate on what that might be.

Mr. Shepherd called about a week later reiterating our first conversation and shortly afterwards, I began to receive calls from jockeys that I hardly knew asking me to resign or they would throw me out of the Guild. The callers included Mr. Shepherd and jockeys G.R. Carter, Brian Peck and Glenn Murphy, who I learned were instructed to call by John Beech. The calls even came in at night, when the callers knew I was away and riding at the Meadowlands. Instead of talking to me, they harassed my wife, hoping she could get me to resign.

On November 3, 2004, I attended a three-way call with Tomey Swan and Darrell Haire. They told me how I damaged the Guild and were hurting the membership. Again, both Tomey and Darrell told me that it would be in the best interests of the Guild for me to QUIETLY resign so that everything that was happening would QUIETLY go away.

On Sunday, November 7, 2004, a phone conference was scheduled in which I was on the agenda for expulsion. The Guild failed to charge me or notify me of any charges before the conference. During the conference they accused me of having my own agenda, and that I was involved with Robert Colton and his issues with the Guild. They read seven reasons for removing me from my senate and Executive Board seat. Dave Shepherd had the gall to blame me for the walkout at Churchill Downs on the same day.

Without allowing me to defend myself, they voted me off the Board. Ms. Swan informed me I was no longer to call the Guild office and harass them for the information that I had been seeking for the past 22 months. A recording of this call has been circulated and played on "At The Races and Beyond," a radio program heard on Sirius Satellite Radio.

On December 5, 2004, at the Guild's national assembly, which I attended only briefly before being totally expelled from the organization, I sat in the seat designated for New Jersey's Monmouth Park and Meadowlands racetrack delegate. After a very short time, the Executive Board and Senate went to what they call a breakaway session. After approximately 45 minutes, all the members returned to the main room, at which time Kent Desormeaux informed me that the Board had met with its attorneys and the vote for my expulsion was unanimous. When I asked Kent for the reasons, he said that Dr. Gertmenian had told the Board that they had spent over \$ 5,000 to send Albert Fiss to explain the Fund to me. Another lie!

Mr. Fiss did come over to the Meadowlands racetrack to see me. Upon his visit he failed to bring any material or information concerning the Fund. Mr. Fiss was actually scheduled to be in New York for a committee meeting on workmen's compensation. Coming to see me was a side trip.

### **May 2003 Dr. Gertmenian's Matrix Contract**

After returning home from the March 2003 Board meeting in California, Ms. Swan contacted me and asked if I knew a contract attorney that could help us with Dr. Gertmenian's Matrix contract. I indicated that I knew attorneys on the East Coast but felt that it was a conflict of interest to consider someone that was involved in the horseracing industry. Therefore, I contacted a firm out of Denver who

highly recommended Steven Blitz. We worked with Steve for approximately three weeks, putting together a draft contract for Dr. Gertmenian. The board was to have a conference call on a Wednesday to go over the draft. Ms. Swan set up a conference call prior to the scheduled Board call with Dr. Gertmenian and the Board and advised me this would just be a question and answer call. I advised it was just a draft and it was not ready to be presented to Dr. Gertmenian at this time and she responded that she understood. At approximately 11:20 p.m. Eastern time I was ordered by Tomey Swan to fax the draft. Once Dr. Gertmenian and Mr. Fiss read over it they decided they could handle our terms. Around 12:30 AM Eastern time, Dave Shepherd made the motion to vote to accept the contract. It was seconded and a vote was taken passing the new contract.

After Dr. Gertmenian had made phone calls that day to Board members threatening to walk away, it came down to a 5—4 vote to give him what he wanted. On May 15, 2003, stressed by the Board's inability to make what I felt was the right decision and make Dr. Gertmenian and Matrix more accountable, I submitted my resignation (see Attachment). In the letter I pointed out the lack of legal documentation, bank statements, credit card receipts, the negligence in keeping track of the riders' insurance premiums (many riders were and most likely still are in error).

Other Board members reassured me that we would hold Dr. Gertmenian accountable and persuaded me to stay on. In December 2003, Dr. Gertmenian again wanted to renegotiate his contract, only this time he failed to have a notice sent out so all Board members could attend. After all he only needed 5 votes.

#### **Delaware Health Insurance**

As a guild member, I always carried the Guild's health insurance program and in 2002, I rode primarily at Delaware Park becoming eligible for Delaware's subsidized premiums. It now only cost me approximately \$280.00 a month. In 2003, I did not meet the eligibility to retain the subsidized cost and decided since my wife covered the family through her employment with United Airlines we would cancel it with the Guild. During the 2004 racing season at Delaware Park I rode enough horses to again become eligible for the program. On or around November 3 I rode my 50th horse, completing eligibility requirements. During the last week of Delaware racing, I contacted the Guild office and informed Eric South that I would like to start receiving the insurance again from the Delaware fund. At that time, he faxed all the required forms to my home, which I immediately completed and returned to the Guild's office. Mr. South advised me that if all the documentation was in place, this policy would take effect December 1, 2004.

I again spoke with Eric South in early December at the Guild's Annual Assembly in Texas to see what the status with my insurance was and he stated everything was in place. Around December 20, 2004, I contacted Larry Saumell, the Guild representative, and asked if he would check into this for me because I had not received any information that this policy was in effect. On or about December 29, my wife and I spoke with Larry Saumell on separate calls. He advised us it was under review and I needed to speak with Albert Fiss. I called the Guild office that same day and spoke with Eric South who also informed me it was under review and I needed to speak with Albert Fiss. I left a message on Albert's cell phone that I needed to speak with him regarding my insurance. I did not receive a return phone call. On January 3, 2005, I spoke with Earlie Fires about this matter and he advised me that because of my pending lawsuit with the Jockeys' Guild, Mr. Fiss refused to talk to me. My wife Penny has spent time attending Delaware Racing Commission Meetings and also the Delaware Health and Welfare Meetings. The Guild was advised on many occasions to get our health insurance in place. One request from the Guild by its CFO Gevork Asatryan was that that all five of our family members needed physicals and that a payment for two months in advance needed to be made to get our family active. On August 9, 2005, all required information was sent overnight to the Guild office. After my wife called to see when we would receive our insurance cards, she was advised by Lisa Haley that Delaware had not paid them in two years and they were not adding any new members to the policy. Lisa also advised that Albert Fiss would call us, but he never has. Gevork Asatryan later contradicted what Ms. Haley had said about Delaware not paying, saying that she must have been mistaken. We have not yet received our check back, or a letter explaining why we are being denied our health insurance benefits. Mr. Asatryan did advise verbally that we would not be getting our insurance through the Guild. The administrator of the Delaware Racing Commission, John F. Wayne, has been very helpful in trying to help my family get back on the health insurance plan.

**Closing Statement**

It was not easy this year, but I know what I have done is the right thing. The problems I have experienced with this Guild management and rapport they now have with the thoroughbred industry has only strengthened my belief that this man and his team that are so much smarter than I am are incapable of running this organization like it should be run. Dr. Gertmenian took it upon himself to accept disability insurance from the jockeys while he pulled the jockeys' security blanket right from beneath them. If that is not bad enough, he did not properly inform us that it was gone. In addition, they have been unwilling to share with me the financial records that I have every right to see and that the law required me to obtain, and they have also criticized me and tarnished my reputation for doing so. And to top it off they have essentially made it impossible for me to enjoy the health insurance benefits I deserve as a Delaware jockey.

Mr. Chairman, thank you for providing me with the opportunity to address the Subcommittee. Please accept my full written testimony to the Congressional record.

ATTACHMENT

*May 15, 2003*

Mr. ROBBIE DAVIS  
70 St. Paul's Place  
Hempstead, NY 11550

DEAR ROBBIE, With much regret this letter is to inform you that I am resigning my position, as treasurer on the Executive Board from the Jockeys' Guild. I do not feel that I can represent the members of this organization in a professional manner. There are several reasons that I am turning in this resignation. The responsibility of the treasurer is to account for all financial records including past records, current funds, accounts receivable and accounts payable. After requests were made to the Jockeys' Guild/ Matrix Office I was unable to acquire bank statements and other records applicable to be able to fulfill my responsibilities as treasurer. This is very frustrating when you are appointed a position and cannot attain the information needed to fulfill my duties. I will not be liable for incorrect accounting procedures.

- (A) The lack of legal documents. (stated it will take 60 to 90 days to acquire them)
- (B) The lack of logs for travel and expenses. (Stated to me these are very honorable people) this still should have been done.
- (C) The negligence in not keeping track of the rider's insurance premiums. (many riders are now in arrears which could cost the membership thousands of dollars)

These are just a few of many problems I feel the Guild is facing for not keeping and tracking the accounts. As pertaining to the Delaware and California Trust Agreements it is required under the agreement the Guild shall;

- (A) Maintain at all times as a tax-exempt entity. The Trust shall appoint a Certified Public Accountant for the purpose of providing an annual audit to TOC and the California Horse Racing Board of all moneys received and expended by the trust. The TOC and the California Horse Racing Board shall have the right upon reasonable notice to the trust to review the books and records of the Trust at any time. (Stated it does not matter it is mandated, it cannot be taken away.)
- (B) Delaware—I did not receive a Vine Street Trust Agreement pertaining to this fund.

This is just a few reasons I have for resigning. After being told, many times we have nothing to worry about. I feel we have many reasons to worry. Ignorance is not a defense! A request by our chairman Tomey Swan was made for me to seek outside Legal Council concerning the new agreement proposed to us in March by Dr. Gertmenian/Matrix. There were many Attorneys on the East Coast that I knew but thought it was a conflict of interest to be connected with horse racing therefore I contacted a firm out of Denver Colorado who came highly recommended. Steven Blitz a specialized contract attorney that presently sits on two Executive Boards. He made a draft and a memo stating that there were many ambiguities and wished to discuss this with the Board. Mr. Blitz was going out of town so we scheduled a conference call for Tuesday May 13 at 7pm. It was discussed with Tomey and Dave to defer the conference call with Dr. Gertmenian until we had reviewed the ambiguities on the conference call that was scheduled with Mr. Blitz. I was advised that we should continue with the call on Monday night and it would just be a questions and answers session, so I had no problem being on this call. After reviewing my fax records at 11:19pm Eastern Time the draft was faxed to Dr. Gertmenian, with in minutes the draft was passed. The \$3000 dollars that was spent on council was a waste of the membership's money since the Board failed to follow through.

This organization has struggled over the past few years. One would have thought some of the lessons learned would have been a guiding factor in the decision the Board recently made.

SINCERELY,  
*Edwin L. King*

cc: Tomey Swan; Ray Sibille; Deirdre Panas; Jockeys' Guild Inc.; Kent Desormeaux; Larry Reynolds; Dave Shepherd; and Abad Cabassa

Mr. WHITFIELD. Mr. King, thank you.

At this time I recognize Mr. Donahue for his opening statement.

#### TESTIMONY OF GARY DONAHUE

Mr. DONAHUE. Thank you, Mr. Chairman, for an opportunity to be here. I'd like to start off that I became a jockey in 1980. I was a Guild representative in 1982. I also competed in races against my father. My father was a jockey for 25 years.

I rode for 7 years until I was injured March 1, 1986. When I first got injured, at the time the hospital on-track insurance was \$50,000 in 1986. Any time after the \$50,000 was absorbed when I got injured, John Giovanni and the Jockeys' Guild took care of all the medical bills, everything that was left over from my injury. Whenever I needed to speak to John, he was always there for me.

When I was a kid growing up, John—I remember my father had concerns about the financials or anything of the matter with the Guild, John was always there. Nick Jemas always answered all the questions whenever my father wanted to know. When—after I got injured, there was a Roger Van Hoosier who oversaw the Disabled Riders Fund, as far as he was like a disabled liaison. He did a very good job when John was national manager, and in 2001 when the new management took over, that's when I was asked to oversee the Disabled Riders Fund, to become cochairperson.

One of my—some of my duties were to respond to letters, e-mails and phone calls from permanently disabled riders, not temporary riders at all. The questions could vary from needing wheelchair, medical supplies, to having the bills taken care of, car repair, home repair, et cetera. If someone needed durable medical equipment, I would inquire around the country to get the best prices possible to help save the disabled riders some money, of course, but also to get the proper equipment they needed. I would then contact the Jockeys' Guild as cochairperson, Jamie Hall. She would relate it to Albert Fiss and Wayne Gertmenian. If they were to approve the funds, they would then allocate it from the Disabled Riders Fund. This is the same fund John Giovanni started in 1990 with \$100 of his own money. In 2001, the amount in that fund grew to \$1.3 million. That money almost doubled every year from 1997 to 2001, which was very good.

That all came to a halt when John Giovanni was taken out of the Guild. I became concerned after I learned that the money in that account would be gone at the end of 2004. I found out about this on line by reviewing public records, the 2003 financial report. This statement on the form that Wayne Gertmenian signed that the fund would no longer exist at the end of 2004 was very disturbing when I read this. I was never told this; I had to read it on line.

After this, month after month of asking the Guild to send me records of how much was in that account. As cochairperson I need-

ed to know the state of the account, how much was being spent and how much was coming in. I also learned that the fund was being used for temporary disabled riders. Now, I know in the past when John was national manager he never used that money for temporary disabled riders whatsoever. That fund was set up, was born to help permanently disabled riders, and that's it, for special needs.

For instance, in my situation I became paralyzed from a horse-racing accident. I was permanently disabled, although I was considered temporary for the 104 weeks by the Jockeys' Guild's standards. Although John knew that I had a permanent injury, that I would never walk again or ride again, I would receive benefits from that Disabled Riders Fund that was established. In the situation like mine, John knew that was the case, so I was deemed temporary; then I became permanent. John used the money from the Disabled Riders Fund to help me with my durable medical equipment, such as wheelchairs and different devices to help me walk with braces, so forth, to have a better productive life. He would then do that with other critically injured jockeys. But for jockeys that broke a collar bone or arm or sustained a minor injury, the money for the temporary riders would come from another account.

I asked Wayne Gertmenian and Albert Fiss many times why they were using money from the Disabled Riders Fund to help temporary disabled jockeys. He told me they voted to use that for temporary disabled riders. He gave me four names of jockeys on the Board that voted for this change: Mr. McCarron, Mike McCarthy, Robert Colton and Ken Desormeaux. I spoke to all four of them the evening that I was told this, and I ended up talking to Mr. McCarthy the next day, and all four related to me they don't remember that vote ever being taken.

I was also told by Albert Fiss and Wayne Gertmenian I should not be concerned with this matter, so from then on I started to gather my own information by reviewing form LM-2 Labor Organization Annual Reports 2001 through 2003. On those forms I was able to review what the Guild was reporting for expenses. In—excuse me, in the LM-2 reports I saw expenses on an incline, not a little bit, but a lot. That's when I started asking Gertmenian and Fiss about different expenses. As a Guild member I have every right to ask any questions I have about finances, whether you're a disabled or active jockey. Once again I was told I should not be concerned about these matters.

I do not know what "additional supporting services" and "promotion of racing" are. I viewed these on one of the financial reports. Because so many—there was hundreds of thousands of dollars of expenses being paid by the jockey going out for these additional supporting services and promotional racing. Any time during John Giovanni's tenure, if a jockey would have a question about the Guild finances, they would do whatever they could to comply with the request.

Now in 2001 I reviewed the LM-2 reports. Supporting services and promotional racing in the amounts of \$610,000 went out. In 2002, \$843,000 was spent, and in 2003, \$1,182,000 was spent for supporting services and promotional racing. Once again I asked where this money is going, who is it being paid to. Once again, none of my concern. I should not be concerned with this matter.



Well, I should be because it's our money, and where is this money going?

I also noticed there was a steep incline in office expenses and administrative expenses in the amount of \$176,000 in 2001, \$434,000 in 2002, and it went down slightly in 2003. So far from 2001 and 2003, these expenses were alarming, in the amount of \$2,635,000 for additional supporting services and promotional racing, \$854,000 for office and administrative expenses.

I was not receiving any help from the Guild as to why these expenses have jumped from 2001 to 2003, so I decided to become involved in the lawsuit against the Jockeys' Guild concerning these expenses and the downfall of the Disabled Riders Fund. After the Guild learned I joined the lawsuit against them, I was fired as co-chairman of the Disabled Riders Funds. Ironically a month prior to being fired, I was told by Tomey Swan and Albert Fiss that I was doing a great job and that he had saved the Disabled Riders Fund and the Guild thousands of dollars.

In closing, I would like to say that as a jockey or a disabled jockey, I have every right to ask about the expense of the Jockeys' Guild management. They work for the jockeys. The Jockeys' Guild management has a fiduciary duty to manage our money. It's not theirs.

Thank you very much, Mr. Chairman.

Mr. WHITFIELD. Thank you, Mr. Donahue.

Before I ask Tomey-Jean Swan for her opening statement, I just want to be sure, because you were by video, that you are testifying under oath. I did swear you in; is that correct?

Ms. SWAN. Yes, sir, you did.

Mr. WHITFIELD. I just want to make sure, do you have legal counsel with you or not?

Ms. SWAN. No, I do not.

Mr. WHITFIELD. Then you're recognized for your 5-minute opening statement.

#### TESTIMONY OF TOMEY-JEAN SWAN

Ms. SWAN. Mr. Chairman and members of the committee, my name is Tomey-Jean Swan. I've been a jockey since 1969, when the law was actually changed so that women could be allowed to ride. It was 3 weeks ago that my doctor told me I would not ride again. That is a result of on-track injuries.

There's no need for me to reiterate what has been stated by most of you on the panel, and that is the urgency to obtain adequate catastrophic insurance for jockeys. The one thing I sincerely believe is that it is the responsibility of the racetracks. For racetracks to say that jockeys need to supply their own is unconscionable. They know that many, many riders make only minimum wage, and to expect them to even to pay for insurance when tracks are making millions off our image simulcast around the world is ridiculous. Understand that owners and trainers are in the same boat. There's a small percentage that make a lot of money, but most of them are just getting by and can't afford to stay in the business if they are hit with these high costs.

As far as Dr. G and his team goes, look at our membership numbers. We are happy with our leadership. We finally have someone

who knows how to stand up for us. He has in place attorneys around the country, most pro bono, who can help us when we have problems with the racetracks. He got our health insurance for us and our families back in place.

Our problem is with the callousness of the racetracks, not our leadership. Dr. G and his team came up with a list of safety issues that needed to be in place at every racetrack. These are common-sense, but very necessary things to help ensure our safety, and yet we fight tracks at every turn trying to get them in place.

The safety rail is one issue. It has been proven time and again not only to save jockeys serious injury, but our partner, the equine athlete, as well. And yet many tracks across the Nation refuse to put it into place until there is a life lost or an arm or a leg, then a lawsuit. Then they put it in.

I can speak from experience on that. At a track at Farmington, New Mexico, where I had begged and pleaded for a safety rail for years, it took my horse getting speared and dying on their archaic rail and me being on crutches and then a wheelchair for 2½ years, subsequently winning a lawsuit, before they installed the safety rail.

Most racetracks across the country do not care about their equine or their human athletes, or they would welcome any benefits to safety. They do not have a conscience on their own, and so we need your help to help make them take on this responsibility. Thank you.

[The prepared statement of Tomey-Jean Swan follows:]

PREPARED STATEMENT OF TOMEY JEAN SWAN

Hello, my name is Tomey Jean Swan. I was fortunate enough to have grown up in a family that revolved around horse racing. My father was one of the leading Quarter Horse trainers in the nation and taught me a love and respect for this incredible specimen of speed, the racehorse. He used me as his jockey from an early age, but of course, only on backcountry roads or bush tracks against friends and neighbors, as it was against the law for a woman to be a professional jockey. I would get his horses ready to go to the real races, the pari-mutuels and then a male counterpart would take over the reins. It wasn't until my senior year in high school in 1969 that this archaic law was changed and I began my official career in California. I was the first woman to win at every QH meet in the state and did lots of promotional horse racing spots with the then-governor, Ronald Reagan. Since that time, I have been the leading female QH jockey in the nation for most of those 35 years. I joined the Jockeys' Guild around 1975 and have been an active member ever since. I was a Guild representative at the various tracks at which I rode and was the first female delegate for the Guild. I then was voted the Vice Chairman, beating out Kent Desormeaux, becoming the first female on the board. In 2001, I was voted the Chairman of the Board of the Jockeys' Guild and became the first female and more importantly to me, the first Quarter Horse jockey to hold this highest of honors. In 2004, I was named Co-Vice Chairman of the Board with John Velasquez and currently hold that position.

Upon receiving your invitation, I was very disappointed, if not surprised, to see this hearing titled, "Thoroughbred Horse Racing Jockeys...". Just as a point of fact in 2004,

- a. there were 8799 Quarter Horse races run in 25 states
- b. QH purse money was almost \$94 million
- c. pari-mutuel handle for QH races was over \$324 million
- d. 950 jockeys rode Quarter Horses, there were 5530 QH breeders and 7395 owners of QH

As you can see, Quarter Horse racing is a vital part of the overall racing industry.

Allow me to take this opportunity to explain to you the unbelievable risks involved in this sport. Time magazine did an article on athletes years ago, that listed being a jockey as the #1 most dangerous athletic profession. Speaking personally,

I have had 14 knee surgeries and now a total knee replacement, a punctured and collapsed lung, broken ribs, toes, wrist, femur, knee and shoulder, hospitalized for eye injuries from rocks busting through my goggles and uncountable concussions and I have been one of the lucky ones, because I am not paralyzed or dead. The old adage around the jock's room is, "it's not if you are going to hurt, it is how badly are you going to be hurt". With today's rising hospital costs, it is unconscionable that the racetracks only offer \$100,000 accident insurance for their jockey participants. And keep in mind that during all the injuries we suffer, we are out of work while we are healing. Only a few states offer us any kind of workman's comp.

You would assume, that over the years, things would get better for the jockeys; but that is not the case. The only light we have seen, has been since Dr. G and The Matrix team have taken over the reins of our organization. Before the "G" era, we had dwindled down to a paltry 500 or 600 jockeys and practically no respect from the racetracks at which we participated. We lost our health insurance for ourselves and our families and saw our staff members receiving good pensions and the jockeys receiving nothing. As soon as we made the change to the "G Team" we immediately regained our health insurance and steadily have regained our members and have reached an all time high. We now have at our disposal, a wonderful and talented staff of experts. I have used them myself to help intercede at tracks that were being discriminatory against us. Pro bono attorneys hopped on a plane and were there the next day to set things right. We are finally realizing that even though we are locked in a jock's room, we still have the constitutional rights of any other American citizen. Respecting jockey's constitutional rights, has never been the intention of ANY racetrack in this country. And the sooner this committee realizes that, the sooner you will realize the plight of the American jockey. Dr. G has given us a long term negotiating plan that will enable us to be a respected and protected American athlete. All jockeys are working toward this goal and that is why I believe Churchill Downs is so afraid of Dr. G and what he can accomplish for jockeys nationwide. They want to retain the foot on our throats that they have had since the beginning of racing. Would you expect any pro athlete, such as Peyton Manning or Brett Favre to set food on the field and be told that their insurance would have to come from their player's union dues or out of their own pockets? I can assure you, there would be no Super Bowl.

Our problem does not lie with our organization, our problem lies with the racetracks, and we need your help to make them step up to the plate and protect their athletes.

Thank you for your time and consideration.

Mr. WHITFIELD. Ms. Swan, thank you very much for that testimony.

And at this time, Mr. Shepherd, you're recognized for your opening statement.

#### **TESTIMONY OF DAVID SHEPHERD**

Mr. SHEPHERD. Thank you, sir. It's an honor to be here. My name is Dave Shepherd. I've been a professional jockey since 1975, 30 years. Never been a star. I think I have gained the respect of my peers. The most important thing to my life has been being a dad, and my family comes first. My wife is a third-generation trainer. My son is 19 and rides in Kentucky. I've got a 14-year-old son working horses already and will be a jockey, and a 7-year old daughter that I don't think we can keep her, she's rodeoing and will be a jockey also.

That's what brings me to where we're at. With the Birzers, when all that happened, Gary is like family to me, and it hurt. There's a lot of tears on my part as well as his. He's family. And we did everything we could to help.

I've got to back up a little bit. I don't think we should pay for our on-track insurance. The history of what's happened over the years, the callousness and the way that Gary has been, he told you how it happened from the racetracks, that's a true story. That is how it is. We're treated—we're expendable. To the industry we're

expendable. If one of us gets killed, two more come. They don't really care about us as persons.

When Chris started bringing Dr. G in, I was against that for the problems that would cause and subsequently to where nobody would believe anything that anybody said, that we lost all respect in the industry. When Dr. G came into it, we was close to bankruptcy. Talking about all the millions of dollars that were supposed to be there, talking about the \$2.2 million, last year they billed \$2.5 and received \$2.2. We're not receiving it.

We give up our media rights, which that's 85 percent of the industry right now; we give up our media rights in exchange for what? Mountaineer Park has never given the riders a nickel. It's one of the worst tracks in the Nation. You have had four riders that have been permanently disabled there, five riders killed there, and they're still callous. They don't care about us.

We all thought we had insurance from the racetracks any time we were injured, any time we were hurt. It wasn't until Stacey Burden went down in Arizona and got hurt, and consequently from that accident there that's where we lost our insurance. That was one of the major proponents of how we lost our insurance.

Mr. WHITFIELD. What year was that?

Mr. SHEPHERD. 2000. That was the big one that John Giovanni talked about that cost so much. Now because of that they had to make a choice, like you said, between the catastrophic insurance and health insurance, and the health insurance got the boot. Well, by the time Dr. G and them come in, the noise around the country from everybody I was hearing, everything from everybody I was around was they wanted the health insurance, they wanted the family insurance back. And when Dr. G come in, he was able to find some health insurance that we could get, which we all had trouble. There's a bunch of us that were uninsurable because of the injuries that we'd had. I've been riding 30 years and been in multiple, multiple accidents, probably 13. Of that, I've got a lot of metal in my back and my leg, and I've had a lot of serious injuries. But the point being, everybody around me was more interested in the health insurance.

Gary Birzer bought up Dean Kuntz. If we had kept the catastrophic insurance instead of the health insurance, because we had to make a choice between one or the other—I wasn't on the board, I was just a member that was interested because my family, my kids were going to—it's their future. So when the choice was made for health insurance, Dean Kuntz was one of them that had they not got the health insurance, at 18 months the COBRA was up, Dean Kuntz wouldn't have had health insurance, and when he died last year, he probably would have died in a State institute or something because there wasn't anything there, there was not enough money. There is not enough money supplied to our organization in any way, shape or form to support the insurance needs, be it catastrophic or health.

The Guild's role needed to change because the industry was so callous toward us. Everybody on the panel and everybody will testify to the fact that the tracks have no regard for human life or equine life; it's all about the dollar. The role had to change some-

where along the line. We had to force the tracks to come up and stand up to the plate and pick up their part of it.

It was brought up earlier that why don't the jockeys not ride. Well, when we go around the Nation to stand up and not ride, we were told we would be sued for every dollar it cost. The attorney general in Florida informed the Jockeys' Guild if we was to not ride, because we were not recognized by the NLRB we should be sued for every nickel that it cost the industry. The industry has used this leverage against us time and time again, so we were unable to stand up for our rights. Now, unless we make the change—the industry is at a crossroads. If we don't change right now and force the change, we're the only organization that's strong enough to stand up to the racetracks. Thirty-eight racing jurisdictions, there's probably 2 to 3 horsemen associations in every State, we're the only one that has a chance to help the horsemen as a general—as one lump some. The horsemen as a whole is who we're trying to help. Until we stand up and force them to change, it never will.

There's a lot of little things coming from my heart, and I'm not reading a piece of paper. I'll answer any questions you have later. I just know that our leadership that we have, most of the allegations made will be proven wrong in litigation. He is looking out for our best interests, and he's the first person that's come in, and the reason he's caught such fire from the industry is because he's the first person that stood up and tried to make them accountable for the way they were treating all horsemen. And any time you try and bring about change, like chess or war or anything, you go after the general. You don't like—if you want to beat the opposing army, you get after their general. That's the same way—that's why they're after him.

I believe John Giovanni, the accusations made against him were all false. I believe that with all my heart. I stood against the change there. But like some of them, I couldn't walk away because the next generation, and I'll take whatever heat comes because of it. When the Birzers got hurt, that was a little brother.

[The prepared statement of David Shepherd follows:]

PREPARED STATEMENT OF DAVID SHEPHERD

After a catastrophic injury a rider's life is changed forever. However everyday life goes on. Home and car payments due every month. Children still need to eat. How do you provide for your family now without an income? Then come all the medical bills and the collection agencies, threatening you for their money. Then you need another specialist, but told there is no more insurance. That was used up in just a few days. The race track promised they would help, but then turned there back on you. You realize again, in a multi-billion dollar industry you are expendable, a piece of meat, dime a dozen. When we get hurt, its out of sight, out of mind. Please don't bring us out, because that is the side of the business they don't want the public to see. Things are going to change. You can blame all the problems on Dr. G. Call him a thief and a liar who is leading all those poor fools astray, al you want but we will not lay down and do nothing while we are being abused any more. Thing will change. Nothing changes but the changes!

My name is David Reed Shepherd, I have been a professional Jockey since 1975. I won the first I rode on a recognized (Para mutual) race track, and joined the Guild that day. In 30 years as an active guild member I have been threatened and pressured into riding under such extreme conditions as, wind chills of -50 degrees below zero, Frozen tracks, extreme heat, wet, slick tracks, conditions unsafe for horse or rider. I've spent about 13 years off with multiple injuries (broken back 3 times, neck broke in 3 places, crushed femur & broken hip, both collar bones, shoulder surgery, and many more broken bones and injuries). Try taking care of a family on \$150 dol-

lars a week. I came to the conclusion years ago, that we were expendable, a piece of meat, dime a dozen, kill one two more will take their place. Actions have proven me right, time and time again. As a father of one rider (Justin 19 riding in KY.), and two more who will probably ride (Dusty 14 already galloping and breezing race horses, and Bucki 7, barrel racing, and every other rodeo event she can get in for her age), I could not set idly by and watch them be subjected to the same mistreatment I had been subjected to.

In 2000, knowing my oldest son would start riding races soon I knew I had to get more involved on a national level. At that assembly in Vegas, I saw the beginnings of a hostile takeover taking place, and I spoke out against it. I felt that McCarron, Colton, and McCarthy, had their own agenda. Over the next six months I spent a lot of time arguing that their approach would be counter productive, and give the perception of weakness. We should fix our problems internally. A private internal repair, would be far less damaging than a public hostile takeover. A opinion I voiced over and over again, to Tomey Swan and anyone else I could get to listen. There were many, many phone calls to Chris McCarron, and Eddie King. I was unable to stop what I believed was not in the best interest of the majority of the jockeys in the nation. Unfortunately, I was right. At the next negotiations for a new TRA contract, they would not even negotiate in good faith.

We had always been told that our medical insurance would not cover anything on track. So when we lost it, in the spring of 2001 we could not figure out why? It was not till long after we lost our insurance that I realized why. In 2000 Stacy Burton was injured in Arizona on an unsafe racing surface, a terrible accident she was very fortunate to survive. The bills over \$100,000 to \$1,000,000 were paid out of our family health insurance. No wonder we were not informed about sudden rise in our insurance rates. I had always been led to believe all the bills due to on track injuries were paid by the track insurance. If the racetracks had cared, even a little bit, they would not have let this happen. Where was all the concern when we lost our family insurance, due to an on the job injury? We were allowed to get on Cobra insurance, for 18 months, and then we would have none. When several riders tried to get other insurance, they found they either could not get any, or certain body parts would be excluded. There were many of us that were uninsurable! Where was the congressional inquiry into fact that that we had all lost our family health insurance due to a on the job injury? Again we were shown, nobody cares! In a multi-billion dollar industry, the humane athletes who risk their lives, were shown we were unimportant, expendable, not worth worrying about our personal problems.

The band-aid, after we lost our insurance, was to up the temporary disability from \$100 per week, to \$200 per week. And buy a \$1,000,000 insurance policy for on track accidents. We didn't have enough money to keep our family health insurance, but we could afford almost half a million dollars for on track insurance. It made no sense to me. Why was I paying to work? But I still felt we should handle our problems internally. At this point in time I was only an active member. No vote, But I ask a lot of questions, and I voiced my opinion. I don't know what was said to the board members, all I know is how it was presented to me. Chris's big thing was that no ex-jockey was smart enough to run the guild. We need someone from the out side to run it for us. We cannot afford Dr. G and his group, but they will come in and help us for six months, and then stay on as advisers. My view was ok, but then what? You don't tear down a building without a blueprint to rebuild. It will take someone three or four years to get a handle on this. When Dr. G and Matrix step aside who will run the guild then? The answer was always the same, "well I don't know we will find some one." I am sure I know who that someone would have been. Then there would have been another character assassination, dragging us farther down, with no credibility at all. It took them till June, but they got John Giovanni Fired, and everyone else fired.

When I got the phone call from David Moore about it, I was very angry and I started to call Chris. But I hung up, because I knew it would not help my children, and do more harm than good to say what I felt at that time. So I started putting my questions together, and gathering information, about how we could move forward. There had to be a way, to pick up the pieces and make it better for the next generation. I figured we had shot any chance for it happening during my career. Chris tried to get me to talk to Dr. G, but I refused. I was not buying into this. I was going to wait till we got to Austin, and take care of this face to face.

December of 2001 at Austin, Texas. I had my guns loaded for bear, but I had always been taught to learn, keep your eyes and ears open and your mouth shut. So I would wait and see how they were going to play this out. By the lunch break on Monday, Tomey ask me why I wasn't asking questions, She knew I had a bunch. I told her Dr. G had answered them, He was saying the same thing I had been saying, not what Chris and Bobby were saying. I walked up, introduced myself, and

told Dr. G, I was never so glad to be wrong about something in my life. Eddie King was not at the assembly, so I could not tell him that. I did tell Chris the same thing, though events in the future proved I was only wrong about Dr. G's involvement. I was getting poked in the back with a pencil to make sure I stood up and volunteered for a senator though I did not need the push. Things were going to change, and if I did nothing, I had no right to complain about the direction they went.

Dr. G told us they could not find any theft by the old management even though Bobby Colton said he had the proof in black and white. But the hottest subject in Austin was health insurance for our families. We learned how we lost it (an on the job accident). We learned that we could not afford both family, and on the job insurance. I don't remember a single rider making an argument for on track insurance. The Pros and Cons of both were pointed out. But the overwhelming choice was family health care.

If someone is walking through the grandstand, slips and gets hurt the racetrack will have at least \$1,000,000 liability insurance. But if you are a jockey, who the people have come to see, you are only insured for \$100,000 with a \$50,000 life insurance policy. That says we care and appreciate you all over doesn't it! Dangerous enough to have an ambulance follow you, but we don't care enough to insure you properly. That is reality! Nowhere in the TRA contract does it say anything about them giving us money for insurance. It says in exchange for us giving up all our media rights, they will give us \$100,000 of on track medical insurance, and \$50,000 life insurance, and \$200 per week temporary disability. There is a formula for deciding how much money they will give the guild. The contract is very detailed and nowhere in it is the money earmarked for insurance. Nowhere is it even implied that it should be used for insurance.

I was not on the board at the time, so I don't have all the details but, I know that everyone I talked to wanted family help care back. There was a choice to make, a tough choice. But the right choice was made for the majority. In our occupation it is easy to lose track of everything going on around you. This was all the talk everywhere I went for a long time. But I can understand how there could have been a few riders that didn't know about it. That does not mean that they were not told, it does not mean they did not receive documentation. When you tune out everything except what you are riding that day, you become oblivious to the world around you. The day to day grind can get you into a rut so deep you can't see out.

In the summer of 2002 I went down and broke my neck in three places, C-1 in one place and C-2 in two places, They called it a hangman's and told me I was lucky to be alive. Within a couple months David Guillory, broke his neck, and Terry Houghton, sustained a serious head injury. We were still under contract that we agreed to the \$100,000 insurance, so if we went over we were stuck for it. Less than 2 months and 3 of us are seriously injured. Terry and I are family. My son rode his first race about then. Things had to change. The racetracks did not even care enough to talk to us about it. When talking to Dr. G, I was emphatic that we could not sign another contract agreeing to the \$100,000 insurance. We discussed a lot of options but the only one that made sense to me was. When the contract was over, anyone who went over would have to sue the race track for enough money to take care of everything, and make it worth going to all the trouble. If enough lawsuits were paid they might realize it would be cheaper to have us properly insured. That was the only way it looked like they would listen to us. Money will not give you back your career, but if it would get the race tracks to step up and do the right thing. And make the injured rider a little more comfortable, it was way better than what we had. David Guillory will never ride again. Terry Houghton was told he would probably never be able to drive a car again. He proved all the Dr.'s wrong and is back riding. Both of the went over the \$100,000, but the guild was able to negotiate with the Dr.'s and keep the cost down where we could handle them. I was very fortunate, mine healed good, and I was back riding in 6 months. My point of view came from being one of the injured riders. \$1,000,000 of insurance is minimum coverage. And the racetracks felt we should be satisfied with a sub minimum amount of \$100,000. They sure wanted all of our media rights but they were not willing to give much in return. They wanted something for nothing.

In March I received a phone call from Deidre Panas, that Dr. G was stealing from us. We needed to have an emergency board meeting and get rid of him. That was just exactly what Bobby Colton was saying about John Giovanni. On the conference call Bobby told us, he had proof in black and white, and we should vote him out right now. I said no way we have heard this song and dance about Giovanni and Nick Jemas We would have to all be there in person, and show us. Of all the accusations in the past, none of us had ever seen a shred of evidence, just a lot of questions and accusations. So we voted to meet in California. When we got there, financial statements and anything else we ask for was given to us. Except Bobby's proof

in black and white. When we ask for it he rambled on for some time telling us our job and that we were incapable of doing it. Finally Tomey told him to quit telling us how stupid we were and show us his proof! He stomped out, without showing us anything. This same strategy had always worked but not this time. At that meeting I learned a lot about how we needed to operate as an organization. But more importantly, I began to understand the personalities and traits of the people I was dealing with. When the dust all settled, there was nothing to the accusations. Just another power play. I began to realize that it was not about the answers, but about the questions, if they ask the questions often enough, people would start to think there was something to them! I still haven't figured out what they hope to gain. If they are successful there will be nothing left to take over. The jockeys in America will have no credibility. The racetracks will go on screwing all horsemen, because they have broke the strongest horseman's organization, that could challenge their status quo. And generations of horsemen (we are horsemen), will pay. For what????

Shortly after that I was riding at Lone Star (Dallas). Deirdre was riding there also I talked to her trying to piece together the reasoning for what was going on. I tried to point out the down side of Bobby's actions. She told me that Dr. G was nothing but a school teacher. That Bobby was so dedicated to the guild she could dance around in front of him in a negligee, and he wouldn't even notice. Bobby should be the president of the guild. He was the only one capable of running the guild. I've known Bobby since 1976, and I told her I thought she was wrong.

A few days later I went to Oklahoma, to work some horses that were going to Minnesota, where I was going for the summer. While I was home (Oklahoma), a friend ask me to do a favor and get on a horse for him. I did and it got on top of me. They had to life flight me to the hospital. I had crushed the femur just above the knee, and broke it off the ball at the hip. I am still recovering from that accident. If I quit I will never get any better than I am right now, and that is unacceptable. I was injured on a Friday, the next Friday I was on a plane to meet Dr. G in Delaware. Over the next several days we talked about a lot of things. Things he had been told by themselves, left a lot of holes. Things I had been told by themselves did the same. But when we put 2 and 2 together, it made quite a picture. All the Questions and accusations made more sense. We talked about everything from Business, to Personal, Religion, Politics, Feelings, Thoughts, the past, the future. We agreed, and disagreed. We would argue till we would both understand the others point of view. He showed me Washington DC. We left Delaware at 3:00AM so we could be at the Lincoln Memorial when the sun was coming up. Just as he had shown it to his children. I realized how much of our freedom we take for granted. Was reminded not just what our Constitution is, but why we have it.

When I first met Gary Birzer, his brother introduced him as little brother, a name that stuck. His brother Alex is one of my best friends, our box's are right next to each others where ever we are riding. Little brothers as with son's are going to listen to others more than family. Gary would come to me. I loved to watch his eyes light up when he would figure out how to do what you were telling him. With great pleasure and pride I watched him becoming a good little race rider. All the feelings turned to pain when he was injured. I was on the phone to Alex all the time, I was determined that he not fall through the cracks. He was not the first rider injured with no contract. Chris Quinn, at Fairmont Park, He later died of complications. Remi Gunn, was injured at Ellis Park. She is paralyzed due to her injury. Still the Industry thumbed their nose at us, and refused to even talk to us. We were not ready to make a stand, but I insisted, we had a racetrack, making millions of dollars a week with the slots, that had never given a dime to the guild. Mountaineer is notorious for having extreme conditions, a terrible racing surface, and threatening and pressuring the riders to ride over it. Here was a very personable rider who everybody loved. I told Dr. G and Albert, here is our Alamo. We need to be there to help any way we can. I was on the phone to Alex almost daily. But I'm the one who should have been there. Dr. G and Albert could not prepared for the emotional storm they walked into. The more they tried to explain, the more they were misinterpreted, no matter what was said only the negative was heard. I was the one who should have been there. But I was struggling with the pain my own way, and was not where I should have been.

When Tony D'Amico was injured in Kentucky, and the jockeys ask for help, management literally turned their backs on them, and then refused to meet with them. When I arrived at Churchill on Friday to visit my son, I was told all the riders had signed a petition not to take calls for the next entry day, if management would not talk to them. I advised against it for several reasons, but they were dead set. I could not argue with how they felt. How many times do you get screwed before you quit laying down and taking it. When it all went down my son ask me about it. I ask him if he signed the petition, he said yes, every single rider did. I told him, all we



have is our word. You say what your going to do, then you do what you say your going to do. He did.

Churchill management then showed there concern and compassion, by ruling off the riders that had shown the audacity, to challenge their compete authority. After all they had already informed us that the Constitution did not apply to horse racing. On Saturday night I was at Hoosier Park, the riders there were all upset that they were not included. I explained things to they and ask them please don't get involved. Let it be a Kentucky thing. The rest is history.

At Gulfstream Park, Gary Boulanger was injured. When the riders called a meeting with management, management actually showed up. They upped the insurance to \$500,000, temporarily. Gary was told that all his bills would be paid. Of course when it came to keeping their word to Gary, he was told NO!!

Two very similer sets of circumstances. Two very different ways of handling them. Both show how very little regard management has for humane life!

And then to top it all off they put there media machine to work. The best way to stop an uprising is to destroy the leadership. And they pulled out all the stop's to do it. And they had help from within our own ranks. They have gone to great lengths to find even the appearance of wrong doing. They have even gotten the federal government involved. In all the interviews, we have not been ask about health and welfare issues. I know what the title of the hearings are, but everything I've seen and heard Paint an entirely different picture.

Please don't tell us you interested show us you are interested. A National work comp would be the least expensive and most efficient, way to help all horsemen.

## THOROUGHBRED RACING ASSOCIATIONS



December 9, 1999

Jockeys' Guild, Inc.  
 250 West Main Street  
 Suite 1820  
 Lexington, KY 40507

Re: Assignment of Certain Television,  
 Off-Track Betting and Other Rights of Jockeys

Gentlemen:

This letter sets forth the agreement to be effective January 1, 2000 between Thoroughbred Racing Associations of North America, Inc. ("TRA") and Jockeys' Guild, Inc. (The "Guild") relating to the reassignment by the Guild to TRA of certain television, radio, off-track betting and other rights of jockeys.

This agreement is a continuation of the arrangements established, maintained and/or extended by the prior agreements between TRA and the Guild dated January 26, 1968, April 30, 1973, April 14, 1975, April 21, 1976, April 25, 1978, June 26, 1978, August 30, 1978, November 15, 1981, October 11, 1984, November 15, 1984, November 13, 1987, December 29, 1987, February 4, 1988, October 30, 1990, November 21, 1990, January 3, 1992 and January 9, 1995 and January 9, 1998.

The Guild and TRA mutually agree that, during the "Reassignment Period" described in Paragraph 2 below:

1. The Guild shall continue to require, each new member of the Guild to execute, as a condition of his, membership, an "Assignment by Jockey" in the form of Exhibit A annexed hereto. The Guild has already furnished TRA with copies of such Assignments, and shall continue to furnish TRA promptly with copies of all new ones received by it.
2. The Guild shall execute and deliver to TRA, simultaneously with the executed copy of this agreement, a "Reassignment by Guild" as Exhibit B annexed hereto. The term "Reassignment Period" means the period commencing on January 1, 2000 and ending December 31, 2002 or on such earlier date as may apply under Paragraph 4 of said "Reassignment by Guild."
3. TRA shall execute and deliver, by U. S. certified mail, return receipt requested, a further "Reassignment by TRA," in the form of Exhibit C annexed hereto, (i) to each racing association which is or may become a member of TRA, within 30 days after receipt of the foregoing "Reassignment by Guild" or within 30 days after such racing association becomes a member of TRA (whichever is later) and (ii) to each racing association which is not a member of TRA, within 30 days after being requested to do so by the Guild. TRA shall provide the Guild, within 45 days after execution of this

agreement and at least annually thereafter, with an updated list of the racing associations which have received such reassignments, indicating whether or not each is a member of TRA, the date on which it received such reassignment and the number of the certified-mail receipt therefor, and a photocopy of each reassignment not previously furnished the Guild.

4. TRA shall use its best efforts to insure that all racing associations which are, or may become, members of TRA comply with the conditions set forth in Paragraph 5 of said "Reassignment of Guild."
5. Paragraph 5(b) of said "Reassignment by Guild" shall be deemed to refer after December 31, 1999, except as provided in the next paragraph, to a policy or certificate of medical insurance providing the same or greater benefits as those described in Paragraph 6 thereof (except that exercise persons may be excluded). The insurance carrier shall be CIGNA Group Insurance or its successors, provided, however, that no company shall act as the insurance carrier which has less than an A+ Best Rating. The policy shall be issued jointly in the name of the Guild and TRA. TRA has delivered a binder to the Guild, effective January 1, 2000, for insurance in the amounts set forth in paragraphs 6 and 7 of said "Reassignment by Guild" and upon the same terms and conditions as the policy expiring December 31, 1999 except that the Accidental Death and Dismemberment Policy shall be increased from \$25,000 to \$50,000. The policy shall be delivered to TRA and the Guild on or before December 31, 1999 and shall be subject to the approval of both parties. Until a definitive policy is issued, the binder (or renewal binders containing the same terms and conditions) shall remain in effect. The claims adjuster shall be Health Special Risk, Inc. or its successors. Such policy shall be in effect for a two-year period. The claims adjuster shall be Preferred Care or its successors. Such policy shall be in effect for a two year period. It is further agreed that the TRA guarantees that this policy or an identical policy from an insurance carrier acceptable to the Guild shall be in place for the period January 1, 2002 to December 31, 2002.
6. If all owners and trainers utilizing the racing facilities of a racing association are required to be insured under a workers' compensation program or policy mandated by statute or regulation, the effect of which is that a jockey is conclusively presumed to be the common-law employee of the Owner or Trainer who engages him, as in California, Maryland, Montana, New Jersey and New York, thereby obviating the need of medical insurance for on-track accidents, the "Reassignment by Guild" shall provide that for purposes of Paragraph 5(b) thereof, in lieu of the policy described in Paragraph 6 thereof, there shall be a policy or certificate of insurance indemnifying jockeys against catastrophic injuries, such insurance to meet all of the requirements of the "Standard Form of Waiver of Liability by Jockey or Apprentice Jockey" in the amounts specified therein for the period during which such injury occurs.
7. This Agreement shall be without prejudice to, and shall not waive or abridge, the rights, claims and interests of anyone relating to the use of the names, portraits or pictures of jockeys in television, radio, or other off-track transmissions and for off-track betting purposes, including, but not limited to, in any legal proceedings.

- 8. The term "jockey" shall mean, for purposes of the insurance described in Paragraphs 5 and 6 hereof, an individual who is duly licensed as a jockey or apprentice jockey by the appropriate authorities in one or more states of the United States and fulfills one of the following requirements:
  - a. Meets the requirements for becoming and remaining an active member of the Guild;
  - b. Is injured as a result of riding in an officially sanctioned pari-mutuel horse race;
  - c. Has ridden in one or more officially sanctioned pari-mutuel races in the seven days prior to the injury or has ridden in five or more officially sanctioned pari-mutuel races in the 60 days prior to the injury (official sanction to include races outside the United States and authorized by that country's governing racing body);
  - d. Has been unable to fulfill the Guild requirements for becoming and remaining an active member because of injury or sickness, but derived 50% of his annual revenue in one of the three previous years from riding in officially sanctioned pari-mutuel races;
  - e. Is an active member of the Guild.

9. This Agreement shall be deemed to be effective as of 12:01 a.m. on January 1, 2000.

If this letter correctly summarizes our understanding, please so indicate by having the duly authorized officers of the Guild sign the enclosed copy of this letter and return it to us.

THOROUGHBRED RACING ASSOCIATIONS  
OF NORTH AMERICA, INC.

(Corporate Seal)

By: *Christy A. Kelly*

ATTEST:

*Margaret M. Pollard*

ACCEPTED AND AGREED TO:

JOCKEYS' GUILD, INC.

(Corporate Seal)

By: *Gary Stevens*  
Gary Stevens, President

ATTEST:

*[Signature]*

THOROUGHBRED RACING ASSOCIATIONS

## REASSIGNMENT BY GUILD

of

Certain Television, Off-Track Betting and Other Rights of Jockeys

THIS REASSIGNMENT made as of this 1st day of January, 2000 by JOCKEYS' GUILD, INC. (The "Guild"), a New York not-for-profit corporation having its principal office at 250 West Main Street, Suite 1820, Lexington Kentucky 40507,

WITNESSETH:

WHEREAS certain jockeys (the "Assigning Jockeys") have executed and delivered, and may hereafter execute and deliver, to the Guild assignments of certain television, radio, and other rights substantially in the form of Attachment I hereto (an "Assignment by Jockey"); and

WHEREAS each Assignment by Jockey provides that the rights thereby assigned may be reassigned in whole at any time or in part from time to time;

NOW, THEREFORE, subject to the terms and conditions hereinafter set forth, the Guild hereby reassigns to THOROUGHBRED RACING ASSOCIATIONS OF NORTH AMERICA, INC. ("TRA") during the period commencing on January 1, 2000 and ending on December 31, 2002 or such earlier date as may apply under Paragraph 4 hereof (the "Reassignment Period") the following rights which have been, or may hereafter be, assigned to the Guild under Assignments by Jockeys, to wit:

All the rights of each Assigning Jockey with respect to the use of his name, portrait and picture, or any of them, including the right to consent to their use, in all broadcasts and other off-track presentations of races in which such Assigning Jockey shall ride during the Reassignment Period, and in any and every manner connected with off-track betting on such races (together with any and all claims which each Assigning Jockey may have for damages, injunctive relief, compensation or other benefits in respect of their use).

1. Definitions. All words and terms used herein which are also used in the Assignments by Jockeys shall have the meanings attributed to them therein, except that the term "broadcasts and other off-track presentations" shall not include any such broadcasts or presentations after the expiration of the Reassignment Period.
2. Reassignment to Tracks. TRA shall execute and deliver, by U.S. certified mail, return receipt requested, a further "Reassignment by TRA," in the form of Attachment II annexed hereto, (i) to each racing association which is or may become a member of TRA, within 30 days after receipt of this reassignment or within 30 days after such racing association becomes a member of TRA (whichever is later) and (ii) to each racing association which is not a member of TRA, within 30 days after being requested to do so by the Guild. TRA shall provide the Guild, within 45 days after execution of this reassignment and at least annually thereafter, with an updated list of the racing

associations which have received such reassignments, indicating whether or not each is a member of TRA, the date on which it received such reassignment and the number of the certified mail receipt therefor, and a photocopy of each reassignment not previously furnished by the Guild.

3. Effectiveness. Neither this Reassignment nor any reassignment by TRA under Paragraph 2 hereof shall be effective with respect to any race conducted by a racing association which does not meet the conditions described in Paragraph 5 hereof at the time of such race. However, the Guild agrees not to seek injunctive relief with respect to any broadcasts and other off-track presentations of, or any off-track betting on, any race as to which this reassignment is not effective by reason of this Paragraph unless (i) such conditions have not been met for a period of more than 15 days and (ii) the Guild has given such association seven days' notice of such fact.
4. Termination. This Reassignment may be terminated by the Guild before December 31, 2002, by giving TRA at least 30 days written notice of termination, if at any time after January 1, 2000 and before the date of such notice less than 80% of the racing associations in the United States which have been members of the TRA at any time after January 1, 2000 meet the conditions described in Paragraph 5 hereof.
5. Consideration. A racing association shall be deemed to have met the conditions referred to in Paragraphs 3 and 4 hereof if:
  - a. No amount has been deducted, as a contribution to a valets' pool, from the mount fee paid to any Assigning Jockey for riding in a race conducted by such racing association after January 1, 2000; and
  - b. At all times after January 1, 2000 during which the facilities of such racing association have been open for racing, training or stabling, such racing association has been covered by, and paid the premiums properly allocable to, a policy of insurance which meets the requirements of Paragraph 6 or 7 hereof, as appropriate, and which is satisfactory to the Guild, but a certificate of insurance issue pursuant to a master policy of insurance issued to the Guild and the TRA which meets the requirements of said Paragraph 6 or 7 hereof, as appropriate, shall be deemed satisfactory to the Guild; and
  - c. Such racing association has paid to the Guild (i) within 5 days after the close of each race meeting having a duration of 30 days or less and (ii), in the case of a race meeting having a duration of more than 30 days, within 5 days after the close of each calendar month ending within a race meeting which has been in progress at least 7 days, and within 5 days after the close of such race meeting, a sum, based upon the class of the race meeting, determined by adding together the contributions required under Paragraphs A. and B. below as follows:

A.

<u>Year</u>	<u>Class A Race Meeting</u>	<u>Class B Race Meeting</u>	<u>Class C Race Meeting</u>
2000	\$6.88	\$4.51	\$3.30
2001	\$7.57	\$4.96	\$3.63
2002	\$7.57	\$4.96	\$3.63

times the number of horses which started in the races conducted by such racing association during such race meeting or during that portion of such race meeting for which no prior payment has been made, as the case may be (regardless of whether or not such horses were ridden by members of the Guild); and

B.

<u>Year</u>	<u>Class A Race Meeting</u>	<u>Class B Race Meeting</u>	<u>Class C Race Meeting</u>
2000-2002	\$75	\$65	\$50

times the number of days on which such racing association is conducting racing during said year.

- d. Such racing association will furnish the Guild, within ten days of the of the Guild's request, with a copy of the pertinent portions (not including the consideration (therefor) of each and every agreement with third parties (i.) which involves, or may involve, broadcasts or other off-track presentations of names, portraits or pictures of jockeys during races conducted by such racing association and (ii) which extends, may extend or by its terms may be extended beyond the "Reassignment Period."

6. Track Accident Medical Insurance. Unless Paragraph 7 applies, in which event this Paragraph 6 does not apply, the policy of insurance referred to in Paragraph 5(b) hereof, and (except in the case of subparagraph (c) below) each certificate of insurance issued pursuant to a master policy, shall provide:

- a. a. That the insurer shall pay to or for the benefit of any and all jockeys who are injured on any facilities owned or operated by such racing association (i) the medical and surgical expenses of such jockey attributable to his or her injuries up to \$100,000, (ii) a death benefit, if the jockey dies as a result of such injuries, of \$50,000 and (iii) disability benefits of at least \$200 per week for up to 104 weeks;
- b. That such policy or verification of insurance is non-cancelable for two years, except for nonpayment of the scheduled premiums.
- c. That in the case of a master policy issued to the Guild and the TRA, any duly licensed racing association in the United States can, upon proper application and the payment of premiums, be covered at races and upon terms and conditions, that are uniformly applicable to all racing associations

covered thereby;

- d. That all claims filed under such policy or verification of insurance must be administered by a single adjuster acceptable to the Guild and the TRA;
7. That each individual filing a claim under such policy or verification of insurance must furnish the guild and the TRA with copies of the racing association's First Report of Accident and all Physicians' Reports.
8. Workers' Compensation States, Catastrophic Insurance. If all owners and trainers utilizing the racing facilities of a racing association are required to be insured under a workers' compensation program or policy mandated by statute or regulation, the effect of which is that a Jockey is conclusively presumed to be the common-law employee of the Owner or Trainer who engages him, as in California, Maryland, Montana, New Jersey and New York, thereby obviating the need of medical insurance for on-track accidents, then the policy of insurance referred to in Paragraph 5(b) hereof shall indemnify jockeys against catastrophic injuries, such insurance to meet all of the requirements of the "Standard Form of Waiver of Liability by Jockey or Apprentice Jockey" in the amounts specified therein for the period during which such injury occurs. Such catastrophic insurance shall provide benefits for injuries sustained on race track facilities by those jockeys who have on file with the TRA such Standard Form of Waiver of Liability, and shall be non-cancelable, except for non-payment of the scheduled premiums, for two years.
9. Classification of Race Meetings. For purposes of Paragraph 5(c), a race meeting which is listed in Attachment III hereto shall be classified as set forth therein. A race meeting not listed therein which is conducted at the race course listed therein shall be classified the same as such race course is classified in said schedule. A race meeting which is not listed and is not conducted at a race course listed therein shall be classified as Class C. The Classifications in Attachment III are based, in accordance with the intent of prior agreements, on the extent to which the racing association conducting the meeting is presently using as either a sending or receiving facility the names, portraits or pictures of jockeys in some form or another of television, cable television, off-track betting, simulcasting or other commercial endeavor. These classifications may only be changed during the Reassignment Period by written agreement of TRA and the Guild.
10. Guild Documentaries. Nothing in this Reassignment shall prohibit the Guild from sponsoring, producing and distributing, without consideration for these rights, film documentaries, brochures and other published material regarding the Guild, its members and/or jockeys in general.



IN WITNESS WHEREOF, the Guild has executed this Reassignment as of the day and year first above written.

JOCKEYS' GUILD, INC.

(Corporate Seal)

By \_\_\_\_\_  
\_\_\_\_\_, President

ATTEST:

\_\_\_\_\_

## CLASSIFICATION OF RACE MEETINGS AND RACE COURSES

<u>Race Meeting/Course</u>	<u>Class</u>
Ak-Sar-Ben	B
Albuquerque	C
Aqueduct	A
Arapahoe Park	C
Arlington Park	A
Assiniboia Downs	C
Atlantic City	B
Atokad Park	C
Bay Meadows	A
Balmoral	C
Belmont Park	A
Beulah Park	C
Birmingham Downs	C
Bluegrass Downs	C
Blue Ribbon Downs	C
Calder	B
Caliente	C
Canterbury Downs	C
Casper (Central Wyo. Fair)	C
Charles Town	C
Churchill Downs	A
Cochise County Fair	C
Colonial Downs	B
Columbus (Nebraska)	C
Cow Capital Turf Club	C
Deiaware Park	C
Del Mar	A
Delta Downs	C
Detroit Race Course	C
Duncan	C
Ellis Park	C
Emmett Park	C
Energy Downs	C
Erie Downs	C
Evangeline Downs	C
Evangeline Downs Quarterhorse	C
Fair Grounds	B
Fairmount Park	C
Ferndale (Humboldt Co. Fair)	A
Finger Lakes	C
Flagstaff	C
Fonner Park	C
Fort Pierre	C
Fresno-Valley	A
Garden State Park	B
Gateway Downs	C

Golden Gate Fields	A
Grants Pass Downs	C
Great Falls	C
Gulfstream Park	A
Harbor Park	C
Hawthorne	B
Helena	C
Hialeah	B
Hollywood Park	A
Hollywood Park Quarterhorse	B
Hoosier Park	B
Horsemen's Quarterhorse	B
Jefferson Downs	C
Keeneland	A
Ladbroke (at Detroit)	C
Lakefront (at Jefferson Dns)	C
LaMesa Park (at Raton)	C
Latonia	C
Laurel	A
Les Bois Park	C
Lincoln (Nebraska)	C
Lone Star Park	B
Longacres	B
Los Alamitos	<del>A</del> C
Louisiana Downs	B
Manor Downs	C
Marshfield Park	C
Meadowlands	A
Metra Park	C
Midway Downs	C
Moffatt County Raceway	C
Mohave County Fair	C
Monmouth Park	A
Mountaineer Park	C
Navajo County Fair	C
New Mexico State Fair	C
Northampton Fair	C
Northwest Montana Fair	C
Oaklawn Park	A
Oak Tree (at Santa Anita)	A
Orange County Fair	A
Peninsula (at Bay Meadows)	A
Penn National	C
Philadelphia Park	C
Pimlico	A
Playfair	C
Pleasanton	A
Pocatello/Sandy Downs	A
Pomona	A

Pompano Park	C
Portland Meadows	C
Prairie Meadows	B
Prescott Downs	C
Ravalli County Fair	C
Red River Downs	C
Remington Park	A
Retama Park	C
River Downs	C
Rockingham Park	C
Ruidoso Downs	C
Rupert	C
Sacramento	A
Safford	C
Salem Fairgrounds	C
Sam Houston Park	C
San Joaquin County Fair	A
San Juan Downs	A
San Mateo Co. Fair at Bay Meadows	A
Santa Anita	A
Santa Cruz	C
Santa Fe	C
Santa Rosa Fair	A
Saratoga	A
Solana Co. Fair at Vallejo	A
Sonoma Co. Fair at S. Rosa	A
Sportsman's Park	B
Stockton	A
Suffolk Downs	C
Sun Downs	C
Sunland Park	C
Sweetwater County Fair	C
Tampa Bay Downs	C
Tanforan at Bay Meadows	A
Tanforan at Golden Gate	A
Thistledown	C
Timonium	C
Trinity Meadows	C
Tropical Park (at Calder)	B
Turf Paradise	C
Turfway Park	C
Uranium Downs	C
Vallejo	A
Woodlands	C
Valley Downs	C
Wyoming Downs	C
Yakima Meadows	C

*A C Per John ...*

*# Trachs*  
*A - 35*  
*B - 17*  
*C - 89*

141

*Trachs ...*  
*A - 14*  
*B - 15*  
*C - 43*  


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*72*

REASSIGNMENT BY TRA

of

Certain Television, Radio and Other Rights of Jockeys

THIS REASSIGNMENT made as of this \_\_\_\_\_ day of \_\_\_\_\_, 199\_\_\_\_ by THOROUGHBRED RACING ASSOCIATIONS OF NORTH AMERICA, INC. ("TRA"), a New York not-for-profit corporation having its principal office at 420 Fair Hill Drive, Suite 1, Elkton, Maryland 21921.

WITNESSETH:

WHEREAS certain jockeys have executed and delivered, and may hereafter execute and deliver, to JOCKEYS' GUILD, INC. (the "Guild") assignments of certain television, radio, and other rights; and

WHEREAS the Guild has reassigned said rights to TRA in an instrument (the "Reassignment by Guild"), a copy of which is attached hereto as Exhibit 1, for the period commencing on January 1, 1998 and ending on December 31, 1999 or on such earlier date as may apply under paragraph 4 thereof (the "Reassignment Period"); and

WHEREAS TRA has agreed to further reassign such rights to certain Racing Associations in accordance with the terms and conditions of the Reassignment by Guild; and

WHEREAS \_\_\_\_\_ (the "Racing Association") is a \_\_\_\_\_ corporation conducting the following race meetings or race meetings at the following race courses:

- (1) \_\_\_\_\_ Class \_\_\_\_\_
- (2) \_\_\_\_\_ Class \_\_\_\_\_
- (3) \_\_\_\_\_ Class \_\_\_\_\_

NOW, THEREFORE, TRA hereby irrevocably reassigns to the Racing Association all of the rights of TRA under the Reassignment by Guild, but only with respect to races conducted by the Racing Association during the Reassignment Period. Such rights may be reassigned by the Racing Association without the permission of the jockeys, the Guild or TRA.

This reassignment shall not be effective with respect to any race conducted by the Racing Association if it fails to meet the condition described in Paragraph 5 of said Reassignment by the Guild at the time of such race. However, the Guild has agreed in Paragraph 3 thereof, and TRA hereby agrees, not to seek injunctive relief with respect to any broadcasts or other off-track presentations of, or any off-track betting on, any race as to which this Reassignment is not effective by reason of this paragraph unless (i) such condition has not been met for a period of more than 15 days and (ii) the Guild or TRA has given the Racing Association seven days' notice of such fact.

Upon request of the Racing Association, TRA shall furnish to it from time to time the names of all jockeys whose rights have been assigned to the Guild and reassigned to TRA.

IN WITNESS WHEREOF, TRA has executed this instrument on the day and year first above written.

THOROUGHBRED RACING ASSOCIATIONS  
OF NORTH AMERICA, INC.

By: \_\_\_\_\_  
Christopher N. Scherf  
Executive Vice President

(Corporate Seal)

ATTEST:

\_\_\_\_\_

Mr. WHITFIELD. Thank you, Mr. Shepherd. Your time has expired. Thank you very much for your testimony.

Mr. Colton, you're recognized for 5 minutes.

#### TESTIMONY OF ROBERT E. COLTON

Mr. COLTON. Mr. Chairman, distinguished members of the committee, I am both pleased and ashamed to appear before you today. I'm ashamed for two reasons: That the collective talent within the horseracing industry cannot solve on-track injury insurance, and I played an instrumental role in placing Wayne Gertmenian as the Guild's current president. Concerning Gertmenian, I say this because in my view he's alienated the entire racing industry to the extent jockeys no longer have a respected representative to voice their concerns. However, I am grateful to the committee's attention to the issue of on-track insurance. I believe this hearing could someday lead toward creating a nationwide program that would include insurance for all backside workers as well as national uniform safety standards that would help to reduce injuries.

Our sport is incredibly dangerous, and, like most jockeys, I have suffered numerous injuries. In my most traumatic incident, I was dropped in a race and trampled. Several bones were broken, including my neck. That left me temporarily paralyzed. It was brief, but nonetheless terrifying.

In my written testimony I elaborate my opinions and included a simple proposal for resolution. The debate here is not that coverage is sorely needed, but rather who carries the physical responsibility. In this business, working with high-spirited race horses where anything can get you hurt, all the players have a joint responsibility to ensure no one is denied on-track benefits.

Mr. Chairman, I have struggled writing this testimony covering my involvement with the Jockeys' Guild. How do I explain in 5 minutes what took place over a few years? Furthermore, this committee will hear narratives from many individuals who were involved with Gertmenian in different periods of time. To my recollection I can't recall the last time Gertmenian gave an accurate statement. The Guild is skilled at stonewalling. They often don't provide factual documents and instead dispute claims with the I said-you said spin. In my written testimony verifiable facts are provided.

In regard to Gertmenian's empowerment, I was a part of a group of members who under his direction led the charge to replace long-time manager John Giovanni. Gertmenian orchestrated every detail of that takeover. My involvement with the takeover was the biggest mistake of my career, a mistake I deeply regret and have tried to rectify.

The largest controversy surrounding this matter is why and by whom the \$1 million on-track policy was canceled. In December 2001, at the Guild's annual assembly, Gertmenian stated the Guild was broke and a few months away from insolvency. He further stated because of the financial problems, his staff was attempting to renegotiate the on-track policy while shopping for another. Unfortunately, no minutes of the 2000 assembly were made transparent. There are, however, minutes of the 2003 assembly where he repeated his 2001 claim. He stated, quote, now by the time you

hired us to come and take a look at these books, you were down to about \$800,000, end quote. He further claimed the Guild had lost everything and was a very few months away from insolvency.

To counter Gertmenian's claims are IRS returns filed for 2001. In these filings the Guild and its disabled fund reported combined assets of \$5 million. These were mostly cash and investments.

To say the membership was deceived is an understatement. With regard to the on-track insurance policy, no vote was ever taken by the board, and no authority was ever granted to the Guild management to cancel that policy. Mr. Chairman, I was a member of the Board at the time. The jockeys of the Guild would never get rid of the most vital benefit of our membership. Instead, this decision was made by people who never put their lives in danger on a saddle on a racehorse.

Despite Gertmenian's testimony in Federal litigation that the Board canceled the policy, many of the Board members have publicly disputed this. Some of them are here today. Regardless of any of Gertmenian's claims, no written notification was ever mailed to members informing them of the cancellation.

In my written testimony I cite numerous problems within the Guild concerning their integrity and truthfulness. The following incident is just one such occurrence. After retiring from riding at the end of 2002, I worked briefly for Gertmenian. I was being trained to manage the Guild's finances. On audits I was preparing, Gertmenian instructed me to double-bill the States of California and Delaware for benefits which the Disabled Jockeys' Fund had already reimbursed the Guild for. I refused the billing, to believe unethical.

Mr. WHITFIELD. I'm sorry, would you repeat that?

Mr. COLTON. I refused, believing the billing to be unethical. Gertmenian refuted my beliefs, informing me I was, quote, undereducated and did not understand innovative accounting, end quote.

I alerted then-chairman Tomey Swan with my concerns, along with other problems recently discovered. Her response was to close the financials to all members including the Board with the exception of three handpicked by Gertmenian. Closing the financials violated the Guild's bylaws and the Department of Labor regulations.

The unethical conduct I witnessed led me to quit my job in frustration. After my departure, the Guild immediately started a vicious campaign against me. I was eventually expelled from the Guild, falsely accused of theft and vandalism. Guild management stated on numerous occasions to both members and the public that criminal charges were filed against me. To this day no criminal charges have ever been filed against me. I did attempt to clear my name and sued for defamation. Unfortunately, I could not match the Guild's financial resources and had to settle.

In closing, Mr. Chairman, I would like to make a public statement to Mr. John Giovanni. John, you and your staff did absolutely nothing wrong, and I am truly sorry for my part in your removal as national manager of the Jockeys' Guild.

Mr. Chairman, I thank the committee for bringing attention to the lack of adequate on-track injury insurance. Labor organizations have a long history of internal strife. I would hope that these issues—I apologize here. I hope that the issues remain a part in



your inquiry. The needed benefits for all backside workers should not be delayed nor denied because of what has taken place inside of the Jockeys' Guild. I welcome further questions.

[The prepared statement of Robert E. Colton follows:]

STATEMENT BY

ROBERT E. COLTON

RETIRED JOCKEY

BEFORE THE

HOUSE ENERGY AND COMMERCE COMMITTEE,

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

ON

THOROUGHBRED HORSES RACING JOCKEYS AND WORKERS:

EXAMINING ON-TRACK INJURY INSURANCE

AND OTHER HEALTH AND WELFARE ISSUES

FIRST SESSION, 109<sup>TH</sup> CONGRESS

OCTOBER 18, 2005

**INTRODUCTION**

Mr. Chairman, distinguished members of the Committee, I am both pleased and ashamed to appear before you today. I am ashamed for two reasons, that the collective talents within the horse racing industry cannot solve on track injury insurance, and that I played an instrumental role in placing Wayne Gertmenian as the Guild's current president. Concerning Gertmenian, I say this because in my view he has alienated the entire racing industry to the extent jockeys no longer have a respected representative to voice their concerns.

However, I am grateful for the Committee's attention to the issue of on track injury insurance. I believe this hearing could someday lead toward creating a nationwide program that would include insurance for all backside workers as well as national uniform safety standards that would help reduce injuries.

Our sport is incredibly dangerous, and like most jockeys, I have suffered numerous injuries during my career. In my most traumatic incident I was dropped in a race and trampled. Several bones were broken, including my neck. That particular incident left me temporarily paralyzed. Thankfully the paralysis was brief, but nonetheless, terrifying.

In my written testimony I elaborate my opinions and have included a simple proposal for resolution. The debate here is not that coverage is sorely needed, but rather who carries the fiscal responsibility. In this business working with high-spirited race horses where anything can get you hurt, all the players in this industry have a joint responsibility to ensure no one is denied on track benefits.

Mr. Chairman, I have struggled writing this testimony covering my involvement with the Jockeys' Guild. How can I explain in five minutes what took place over a few years? Furthermore, this committee will hear narratives from many individuals who were involved with Gertmenian at different periods of time. To my recollection, I can't recall the last time Gertmenian gave an accurate statement. The Guild is skilled at stonewalling. They often don't provide factual documents, and instead dispute claims with the "I said, you said" spin. In my written testimony, verifiable facts are provided.

In regard's to Gertmenian's empowerment, I was part of a group of members who under Gertmenian's direction led the charge to replace longtime manager John Giovanni. Gertmenian orchestrated every detail of that takeover. My involvement with the takeover was the biggest mistake of my career. It is a mistake I deeply regret, and have tried to rectify.

The largest controversy surrounding this matter is why, and by whom, the \$1 million on track injury policy was canceled. In December 2001 at the Guild's annual assembly Gertmenian stated the Guild was broke and a few months away from insolvency. He further stated because of the financial problems, his staff was attempting to renegotiate the on track policy while shopping for another. Unfortunately, no minutes of the 2001 assembly were made transparent.

There are, however, minutes of the 2003 assembly where Gertmenian repeated his 2001 claim. He stated, "Now, by the time you hired us to come and take a look at these books, you were down to about \$800,000." He further claimed the Guild had lost everything and was a very few months away from insolvency.

To counter these statements are IRS returns filed for 2001. In these filings, the Guild and its Disabled Fund reported combined net assets of \$5 million. These assets were mostly cash and investments. To say membership was deceived is an understatement.

With regard to the on track insurance policy, no vote was ever taken by the Board and no authority was ever granted to Guild management to cancel the policy. Mr. Chairman, I was a member of the Board at the time. The jockeys of the Guild would never get rid of the most vital benefit of our membership. Instead, this decision was made by people who never put their lives in danger in the saddle on a racehorse. Despite Gertmenian's sworn testimony in federal litigation that the Board canceled the policy, many of the Board members have publicly disputed this. Some of them are here today. Regardless to any of Gertmenian's claims, no written notification was ever mailed to Guild members informing them of the cancellation.

In my written testimony I cited numerous problems within the Guild concerning their integrity and truthfulness. The following incident is just one such occurrence.

After retiring from riding at the end of 2002, I worked briefly for Gertmenian. I was being trained to manage the Guild's finances. In audits I was preparing, Gertmenian instructed me to double bill the states of California and Delaware for benefits which the Guild had already been reimbursed for by the Disabled Jockeys Fund. I refused believing the billing to be unethical. Gertmenian refuted my beliefs and informed me that I was "undereducated and did not understand innovative accounting". I alerted then-chairman Tomey Swan with my concern, along with other problems recently discovered. Her immediate response was to close the financials to all members, including the Board, with the exception of three hand picked by Gertmenian. Closing the financials violated the Guild's bylaws and Department of Labor regulations.

The unethical conduct I witnessed led me to quit my job in frustration. After my departure, the Guild immediately started a vicious campaign against me. I was eventually expelled from the Guild, falsely accused of theft and vandalism. Guild management stated on numerous occasions, to both their members and the public, that criminal charges were filed against me. To this day, no criminal charges have ever been filed against me. I did attempt to clear my name, and sue for defamation. Unfortunately, I could not match the Guild's financial resources and had to settle.

In closing Mr. Chairman, I would like to make two statements:

To Mr. Giovanni: John, you and your staff did absolutely nothing wrong and I am truly sorry for my part in your removal as national manager of the Jockey's Guild.

To the jockeys of America: I rode with you for 27 years. You asked me to look out for your best interests and continue my commitment to improving our profession. My tenure with the Guild was conducted with integrity. I believe that you are shooting the messenger, and not accepting the message.

#### **ON TRACK INJURY INSURANCE**

##### ***Opinion & Thoughts***

Chairman Whitfield, I am currently employed as an exercise rider, by a trainer at Retama Park in Texas. As with most backside workers, I have little or no say in management and control issues

in my working environment. For the most part, neither does my employer. Track managements and commissions decide and enforce most of the working conditions, including safety and insurance issues, and that the backside workers pay for with their pocketbooks and their bodies. I would like to mention two incidents at Retama Park demonstrating this. I am not citing Retama Park as a dire place to work at, which it is not, just demonstrating what is acceptable in this industry. Incidents like these happen regularly at tracks around the country.

*Incident one.* Retama Park races at night, where there are dozens of light standards with hundreds of flood lights. In the very early morning training hours, they can not turn on a light, not one. If a loose horse runs into me that I can not see because of darkness, I'm responsible for my own medical and disability coverage because the state does not enforce workmen's compensation and Retama Park has no coverage for exercise people.

*Incident two.* On September 10th, 2005, during the running of the 7th race, jockey Deirdre Panas fell hard entering the far turn when her mount, Wild Over You, broke both front legs. While Panas lay dazed and partly under Wild Over You, the chase truck failed to notice and drove by. For what ever reason, no ambulance followed this race and was NEVER DISPATCHED. It is very disturbing that when a jockey and horse needed the safety system the most, the system failed. Fortunately Ms. Panas suffered only scrapes and bruises. Had Panas been seriously injured while she was stuck under Wild Over You, she would have been responsible for all medical costs over \$100,000 even though she did not cause the horse to break its legs or tell the emergency team not to respond.

What is so frustrating with this whole insurance issue is that it is just a sliver when you look at the entire economic picture. On a national average, over \$34,000 is wagered on each horse when it steps on a track to race, but the industry can't find \$25 to insure the jockey? Add the rest of the backside workforce and maybe we're looking for a total of \$100. We're an industry with a GDP impact of \$34 billion and we can't find \$75 to \$100 million for coverage? I personally find it difficult to support this industry asking states for slots to maintain horse racing when it has a long history of not looking out for the well being of its workforce.

### ***Proposal***

When the cost for a national program is compared to the national mutual handle, it really isn't a question of money. To insure all the jockeys in the United States with a million dollars of medical coverage is less than two-thirds of one-tenth of one percent of the national handled (0.066%). What is the problem here?

While the cost is a very small part of the economic picture for the entire horse racing industry, the economic impact without joint cooperation to any one organization or individual can be overwhelming, especially an exercise person or jockey that has suffered a catastrophic injury with either limited or no medical coverage. Trying to feed your family while having millions of dollars in medical bills and no means of earning income due to a disabling injury is something no one in this industry should have to face.

The industry should not only address the insurance problem for everyone involved with the horses, but at the same time developed a national program that makes safety job one. Developing, implementing, and monitoring uniform safety standards would help reduce injuries.

The attached proposal takes a very simplistic approach and slices everything down the middle or at least in parts to all entities involved. It first divides the cost between the national handle and the local entities involved with each horse that starts. The proposal further divides each half. On the mutual handle side, a sliding scale based on the amount of the wager contributed to purses, the less contribution, the higher percentage charged for the program. The local track's half would be further divided among the entities involved with the horse. The cost associate with a horse running in a race would be divided between the track, horse owner, and jockey. For the backside help, grooms and exercise people, the costs would be split between the tracks and trainers. How each pays their share could be decided locally, percentage of purse, fee per start, fee per stall, etc. (SEE Appendix A – On Track Injury Insurance Proposal)

## **JOCKEYS' GUILD**

### *Preface*

Mr. Chairman, in my introduction I briefly explained my involvement with the Jockeys' Guild and the takeover by Gertmenian. There has to be questions as to why jockeys would so faithfully believe in and follow Gertmenian.

Dr. Gertmenian is a powerful speaker and has an amazing ability to make people believe in him and, sorry to say, I was one of the first to follow. As with most jockeys, this was not a difficult thing to do. Combine poor working conditions, little respect from the industry, long working hours and under education with promises to remedy these, and the jockeys will follow anyone. Mr. Gertmenian has assured jockeys he will make them "true superstars" and rich beyond their dreams.

Since the takeover, Mr. Gertmenian has declared war on horse racing. In my opinion, his war has destroyed the Guild's finances, including monies received from tracks. He has refused to work civilly with any organization in the industry and has refused to provide answers in the form of truthful financials to just about anyone, including Guild members. Mr. Gertmenian has viscusly attacked anyone who dared to speak against him and if they were a member, had them thrown out and benefits denied. He has failed to understand the Guild's primary purpose, taking care of injured jockeys, by not renewing \$1 million of on track coverage. The very existence of the Guild is now threatened under Mr. Gertmenian's reign.

#### ***Takeover by Gertmenian***

The turmoil for a change in management really began at the 2000 national convention. It was here where Chris McCarron and Mike McCarthy were elected to the nine member executive Board. I was added as a tenth member following the executive Board election when the membership was impressed with a presentation I made about the Guild's current membership model and funding. They changed the bylaws so a tenth member could be added. They opened the nominations where I was the only one nominated and I was elected to executive Board. One of the members retired shortly after this, though I cannot recollect his name.

It was revealed at the convention the Guild was having financial difficulties. The Guild, though currently financially sound with assets of about \$5 million, was projected to lose significant money in 2001. This was mainly due to many members not paying for their health benefits in

full and increased costs in health benefits. A couple of key resolutions were passed at this assembly:

- *Zero Tolerance.* A resolution of zero tolerance of members not paying for the health benefits in full. All members would have to pay for benefits up front and would be canceled if they were 30 days in arrears.
- *Disabled Jockeys Fund principal not to be used.* John Giovanni had proposed to ease the current financial situation by having the Disabled Fund pay for the health insurance of permanently disabled members. This would have bankrupted the Fund in 18 months or less. His resolution was soundly defeated and instead, a resolution was passed mandating only future donations and the interest from the Fund could be used. The principle was not to be touched.
- *Balance budget.* A resolution was passed mandating the Guild would have to operate each year at a profit. The Guild could no longer use any of its assets towards operations.

The balance budget resolution led to a series of meetings by the executive Board where we reviewed cost cutting measures. Prior to the first meeting, Mike McCarthy and I spent three days at the Guild's office in Lexington reviewing the accounting system and making extensive copies of travel, salaries, and the retirement plan for employees records. I wanted to see what the true costs were per employee and created extensive reports prior to the first executive Board meeting.

At the first meeting, it was revealed we were facing a health premium increase of 40+% and most likely would have to cancel the coverage. I personally was furious that this had not been told at the recent national convention, where all the members could have decided on such a serious issue. The current health plan then through ULLICO, provided coverage both on and off the track. John Giovanni proposed purchasing a separate policy through CIGNA that would provide for \$1 million of on track coverage only. McCarron, McCarthy, and I fought hard to keep the current health plan in place, but were out voted in the end, and effective April 1, 2001, the ULLICO policy was canceled and the CIGNA policy became effective.

It was at this time Wayne Gertmenian came to the forefront. Gertmenian and McCarron had met through their daughters and their relationship expanded with them discussing the Guild extensively. I had become aware of him previous to my election to the Board in 2000 and first spoke with him that same year.



Gertmenian's involvement accelerated in the spring of 2001 where he planned and orchestrated our every move in minute detail in his conquest of the Guild. He traveled extensively to tracks trashing Giovanni and later had the Guild reimburse these traveling expenses. He held "coaching sessions" with the four Board members supporting him. Gertmenian pushed us to request an executive Board meeting. Mr. Gertmenian groomed us extensively prior to the meeting, he had me purchase a tape recorder to record the meeting, he wrote both the resolution and cause for action for the meeting, he worked ahead of time with Matrix attorney Lloyd Ownbey and made it very clear that Ownbey was to be invited into the meeting, he contacted the landlord of the Guild's office ahead of time, and finally he had me place my cell phone to the land phone line so that he could secretly listen to the teleconference. Mr. Chairman, reflecting back on my actions, I am ashamed.

On June 15, the executive Board held a meeting via teleconference to discuss the direction of the Guild. John Giovanni was not invited. McCarron read Gertmenian's resolution to fire the current staff and replace them with Gertmenian and his associates. About two hours of time and debate took place and because I had to keep placing my cell phone to the landline, I am not exactly sure what we voted on or what the vote was, but I received four signed cause for action resolutions and my signature made five. I immediately faxed the signatures to Gertmenian, where he had two of his associates fly immediately to Lexington from Los Angeles. They entered the Guild's office, changed the locks and never allowed Giovanni or his employees into the office again.

On the very next day after the teleconference, Guild President Pat Day had a change of mind and attempted to set up another Board meeting, but Gertmenian instructed the four of us, McCarron, McCarthy, Swan, and me not to speak to anyone, not to participate in any meeting, and not to even answer the phone. This would deny the Board from ever having a quorum and thereby making any changes. He stated we should continue this behavior until a few of them quit in frustration. We then would place individuals in support of us on the Board. Pat Day resigned within a couple of weeks, soon followed by Jerry Bailey, Tony Black, Larry Melancon, and Dean Kuntz.

### ***Signs of Trouble***

The first serious sign of trouble with the new management was in the fall of 2002. I was working in Southern California as a stunt jockey in the filming of Seabiscuit. Chris McCarron and his wife Judy had graciously offered me to stay at their home. Chris was the technical advisor on the film and the current treasurer for the Guild. I believe it was in October when Chris received the independent audit for the Guild, the first under Gertmenian. The auditor was *“unable to conduct an audit of the statement of activities and cash flows in accordance with auditing standards generally excepted in the United States of America.”*

Chris immediately contacted Gertmenian who did his usual dance around the issue and blame it on former national manager John Giovanni. Chris and I had very little time due to the filming, so Chris made arrangements for a meeting by phone with Dana Piazza, the certified public accountant from Piazza, Donnelly, & Marlette, who conducted the audit. During an hour lunch break, Chris and I spoke with Dana. He revealed very troubling problems within the Guild’s office. He stated the office has basically refused to help in any manner. The office had provided very little paperwork, did not return his repeated phone calls, and he could never get a straight answer. He stated the management was very unprofessional. Chris and I confronted Gertmenian again and tried to arrange a meeting. He could not find the time to meet with us. We contacted Chairman Swan and insisted a meeting with the Board.

At the teleconference, Gertmenian once again blamed the problems on Giovanni and in addition, the former auditor of the Guild, Arthur Anderson. One of the most serious concerns with the audit was that management was unable to locate bank statements to two accounts, and their ownership. Net transfers for the year into the accounts had been approximately \$377,000. Gertmenian stated on his staff was one of the best forensic auditors there is, Alice Gaston, and she could not find this money. After researching this thoroughly, they felt strongly Giovanni owned the accounts and had stolen the money. I stopped Gertmenian right there and told him I did not believe him. I knew Giovanni well enough that I really didn’t think he was capable of this. Seabiscuit would be filming in Kentucky for two weeks in November, and I would go to the Guild’s office there to look into the problem. Once I was there, I literally found the answer in five minutes with a couple of calls to the banks. The trust accounts were required by law to transfer the money into holding accounts of the bank. Not a penny was missing.

Before leaving Lexington, I helped prepare for the December assembly, even though I could not go. I made Tom Richardson bring the accounting up to dated and give me some year to date financials. I packed copies of these financials, along with copies of the failed audit in a box with several other items into the box that was to be taken to the assembly. A few days after the meeting I was informed no audit or any financials were made available to the membership. I confronted Gertmenian. He stated the audits had been forgotten at the Guild's office. Other items in the box I packed were used at the meeting. Gertmenian didn't forget to invite the auditor, Lacey Marlette, who was there.

McCarron and I both sent our resignations to the Board at the 2002 national assembly. As stated previously, neither of us attended due to prior comments. At the meeting members of the Board request I be asked to work for the Guild. Gertmenian approached me about the idea, but I was some what hesitant with what had been transpiring in the Guild's office. He stated the Guild's office was relocating to near his home, which would give him more access of Matrix Associates. He wanted me to takeover the finances and help manage the office. He assured me the office would be run in a professional manner now that he could be there everyday. I agreed and started January 1, 2003

#### ***Working for Gertmenian***

The office was set to relocate early to mid February. I help set up the building where we would be moving into and the new computers and network. In addition to the extensive work preparing the office and then unpacking items as them came, I was assisting in writing the TRA contract. Gertmenian had declined to renew the Guild/TRA contract when it expired at the end of 2002 and was attempting to address all the problems faced by jockeys into the new contract. Gertmenian had previously told the Board he and the attorneys were doing quite well with progress on the contract. The "great" progress I was given were scraps of paper with scribbled ideas from members who had attended the last assembly.

When I finished setting up and testing the new network, Steve Rice flew from Lexington with the Guild's data. We restored the data on to the new machines, and for the first time, I had an unrestricted access to the Guild accounting and the hard copy file system.

I was stunned. It was horrifying. The accounting system was in a shambles, in spite of the Board previously approving \$50,000 to upgrade. I discovered the upgrade costs to really be about \$250,000. The main cost was the custom software, which had to be thrown away. Members' savings and health insurance premiums were being commingled into the general operating account. Audits and tax returns were excessively late and appeared to me to be incorrect, with possible fraud. I discovered the independent auditor had a long time relationship with Gertmenian. Since the Gertmenian takeover, the Guild had stopped filing Department of Labor Management LM-2 reports, as require by the DOL. Employees' apartments, food, and utility bills had been regularly paid for and hidden inside of the Guild's expenses. I could not find any record where 1099s had been issued for these fringe benefits. Gertmenian's \$12,000 worth of annual insurance annuities the Guild bought for him as required in his contract was also hidden. His contract provided him with a leased car and related expenses which were not listed anywhere on the tax returns. The car was basically for personal use. There was no office structure, no job descriptions, and no check and balances of any kind. I also witnessed what I considered serious election manipulations and violations. There were too many problems, of which the Board and membership had been mislead or outright lied to, to list here. In the Appendix is a document I presented at a Delaware Commission meeting in the fall of 2003 citing my concerns with the new Guild management. (SEE Appendix E – Delaware Concerns)

#### ***Chairman Closes Financials***

As mentioned previously, it was around this time period where Gertmenian had instructed me to double bill the States of California and Delaware for benefits the Guild has already been paid by the Disabled Jockeys Fund. I contacted Chairman Swan and she flew to the Guild's office. I picked her up at the airport and explain many of my concerns. We met with Chris McCarron and Kent Desormeaux at Kent's restaurant in Monrovia, where a teleconference was held with the Board. The Board decided to have a face to face meeting in Monrovia on the suggestion of Board member David Shepherd. Later that evening I drove Swan over to a reception for Edgar Prado in honor of winning the Wolfe award. Gertmenian was there and ordered Daryll Haire to drive Swan around. I was not able to speak with her for the rest of her stay. The next day Swan met with Gertmenian and fax a memo to the rest of the Board. The memo with her signature stated:

To: Jockeys' Guild Board of Directors  
From: Tomey Jean Swan  
Date: 3/24/2003  
Re: Matrix Capital Associates Contract

In considerations of those issues raised at our Board meeting, I have created a standing Financial Committee of the Board, charged with receiving and reviewing in –depth the financial statements at regular intervals. The committee will be comprised of the Chairman of the Board, Tomey Jean Swan; Treasurer Eddie King, and one Board member-at-large

I phoned Swan and confronted as to where she thought she had the power to create the committee. I also question as to whose idea this was and who picked the members of the committee. She stated she was chairman, she had formed the committee, she had picked the members and she could do “what ever she wanted”. She further stated she had closed the financials to all members but the financial committee. I informed her I would have no such part, and resigned my position.

The Guild bylaws stated the following concerning financials and the committee:

**ARTICLE VIII BOARD of DIRECTORS**

Section H **POWERS and DUTIES**. All the powers customarily vested in a corporate Board of directors shall be vested in this Board. These include, but are not limited to, the hiring of, and contracting with, a President as CEO. Such contracting may not occur during the 90 days immediately prior to the annual Assembly. From time to time, the **Board may create committees** to perform those functions necessary to pursue the purpose of the Guild.

**ARTICLE XI MISCELLANEOUS**

Section D **INSPECTION of DOCUMENTS**. **Financial records**, the Book of Minutes (excluding executive sessions), and these By-Laws, shall be **open for inspection** and copying by any member. Such inspection may be made in person during business hours at the Guild Office.

Countering Swan's claims that she formed the committee and choose the members are her own words in a transcript of a Senate meeting held in the summer of 2004:

RAY SIBILLE: I know what Dr. G wanted to do, you know, when he put me and you and Eddie on the financial committee. He wanted to keep it just us so that the word wouldn't get out how much money we have.

TOMEY JEAN SWAN: That's exactly, Ray.

RAY SIBILLE: The day he did that, I asked him, I said, no, why don't you put everybody. And he says, no, I would rather do it like this. And I thought we could do it like this, but I wish he would put all nine members of us on there. I wish everybody would have been on it.

TOMEY JEAN SWAN: Maybe we need to address that. We're trying to keep things in-house as much as we can so that things don't get out.

RAY SIBILLE: And that's what he told us.

Chairman Swan's action also violated the spirit and letter of the Labor Management Reporting and Disclosure Act. "An Act to provide for the reporting and disclosure of certain financial transactions and administrative practices of labor organizations and employers, to prevent abuses in the administration of trusteeships by labor organizations, to provide standards with respect to the election of officers of labor organizations, and for other purposes."

#### **Board of Directors Meeting, March 31, 2003**

The face-to-face Board meeting was held March 31, 2003, at its new office in Los Angeles. They claimed in their lawsuit that I requested the meeting and tried to charge me with the expense of it. There was just one problem with this, I had quit a week before and had no intention of having any more involvement with the Guild. Two of Gertmenian's staff came to McCarron's home where I had been staying. I already had made arrangements to go home to Delaware and was leaving soon. They pleaded with McCarron and I to attend the meeting to prevent damaging the "fragile Guild". McCarron declined and I consented. What a mistake I made. It was an ambush by Gertmenian. I was unable to state any of many concerns without being interrupted by the staff of Gertmenian. When chairman Swan refused to take control of the meeting and the Board refused to open the financials, I walked out of the meeting. Maybe my memory of this event was clouded by my emotions, so I have included a non biased witness to the events. Below are parts of an email from Board member Robbie Davis who attended the meeting:

----- Original Message -----  
From: Robbie Davis  
To: Board of Directors  
Sent: Monday, May 12, 2003 9:45 PM  
Subject: Concerns and Questions

Board of Directors,

I have many concerns and questions.

8. It is very concerning to me that Bobby Colton was completely humiliated by a matrix employee when he was telling his points and I told our president that this was not acceptable and it was allowed to happen again. I still have not heard Bobby's points. Only that this guy is a liar and cannot be trusted. It was only last year that EVERYONE praised his work in Kentucky and the fact that Chris McCarron said he would never speak to Dr. G again. Bobby has never lied to me and he was always out for the best interest of the Guild.

Davis made several other interesting points in his email:

1. Chris McCarron introduced Dr. G to the Guild in 2001; he was the first man we looked at to take over the Guild. At the meeting in December 2001 in Austin, Texas, we all sat down and put together our objectives. I said in one group that the Guild should buy real estate and not to rent, also offer pension for everyone and accounting services. DR. G said "this is the only organization in the world that the employers give the employees a full pension and benefits and the employers get nothing" and that this is ludicrous, it's still this way today.
2. We were told our money from the mount fees would pay for insurance, once that was paid it would go into a retirement account. Now we are told this is not true. Not only are our own members but all the way up to the president and the Board where mislead or lied to?
3. Then Dr. G said "that your savings would double if you keep it in there." and also said "No bank would touch it because we didn't have a million dollars in there." This is a fabrication.
  - (a) Can he put this in writing and guarantee it?
  - (b) What about the interest?
  - (c) What is it going to be used for?
  - (d) What are the chances he will lose it?
  - (e) Is the Board liable?
4. I've asked for a financial statement, which I was assured, would come every quarter but I have not seen any yet.
5. When I arrived the night before the meeting, in California, Dr. G was in the hotel and he said that he just met a charming gentleman named Manue and that he would make a great C.P.A. for the Guild. Then Manue said the next day at the meeting that they had been friends for the last fifteen years. Was I mislead or lied to?
11. We know that Dr. G is the CEO of matrix. All that means is that it is a tax loophole for a corporation that he controls, he hires students to work odd jobs for minimum wage or assignments. At the cost of \$38,000 a month plus the cost of his own salary for \$8,300 a month, plus rent \$ 8,200 a month, \$1,000 a month for life insurance, \$500 a month for a car which comes to \$56,000 a month and this comes to

**\$672,000 per year, not including our employees or expenses AND HE ONLY WORKS PART TIME.**

12. We have paralyzed riders that rode for 20 years and now their benefits will be stopped or discontinued. **It wouldn't be too nice to see Ron Turcotte pushing pencils on the street.**

18. **Dr. G is no cinch on winning this, if he stumbles out of the gate we will have a problem for a long time,** one that we can truly not afford. Lawyers have told us that nobody makes us get on racehorses; we get paid well for it. NOT ALL OF US DO.

20. WHY CAN'T WE STOP WASTING TIME AND GET ON WITH A BASIC SIMPLE LOW BUDGET PLAN AND STOP LOOKING FOR GREENER PASTURES AND JUST TRY TO BE CONTENT AND BUILD A SOLID UNION? THIS WILL TAKE SOME TIME, **THEN PULL THE CHAINS!**

I had quit a week before the March 30 Board meeting and never went back until a day or two after the meeting to get my personal items. The Guild had worked furiously on the financials the week leading up to the meeting. At no time while I attended the meeting was there any mention of any wrong doing by me nor was I aware of any stated after I left the meeting. In a statement sent to the Board by Guild vice president Albert Fiss, dated May 12, 2003, Fiss stated the following which counters their own claims of damage:

*"I, Albert Fiss, Vice President of the Jockeys' Guild, Inc., do hereby certify under penalty of perjury, that the preliminary financials statements presented to the Financial Committee of the Jockeys' Guild (on March 31, 2003) are substantially accurate and represent the current financial condition of the Guild."*

Fiss's statement directly contradicts the Guild's charges that I caused serious harm to the accounting system. The date in parenthesis was included in the letter. Nearly two months after I left, the Guild was reporting to the Board the financials were basically fine a week after I had quit.

#### **Expulsions and Lawsuits**

Mr. Chairman, I absolutely did nothing wrong to the Guild or its office. I have spent most of my life riding, with the major part of this in the jockeys' room where we spend hours sweating, joking, and working together. Any jockey that rode with me on a regular basis knew what kind



of person I was and I was the first person they turned to when there was a problem. I considered many of them my brothers and would never harm or hurt them.

Gertmenian has repeatedly told the members not to speak to reporters or people outside of the Guild. He has stated on numerous occasions if someone hears or reads something three times, it becomes fact in that persons mind. Speak to one reporter, the story is picked up by two others publications, the story now has legs to run on. The reason for me writing this here is very obvious in the transcript of the first of two hearings to expel me:

JOCKEY'S GUILD, INC., SENATE MEETING  
SUNDAY, DECEMBER 21, 2003, 6:10 P.M.

DR. GERTMENIAN: Before we go any farther, I think we need to get a report from the chief financial officer, Mr. Rice.

MR. RICE: Criminal charges have been filed with the Monrovia Police Department, California, against Robert Edwin Colton. Criminal cases –

DR. GERTMENIAN: Please repeat your first line because you broke up.

MR. RICE: Criminal charges have been filed with the Monrovia –

DR GERTMENIAN: Again, we can't hear the first word.

MR RICE: Criminal charges have been filed with the Monrovia Police Department in California against Robert Edwin Colton. A civil case is also being prepared.  
(SEE Appendix B: Monrovia Police Affidavit)

This disgusting behavior of attacking innocent people to divert attention from the unethical and possible illegal practices by Gertmenian and his staff just didn't stop with me. Gertmenian continued using it to have the Guild expel Guild secretary of the Board Deirdre Panas, expel Guild treasurer Eddie King, remove permanently disabled member Gary Donahue as Chairman of the Disabled Jockeys Fund, removed and humiliated Gladys Olivares, wife of permanently disabled member Jose Olivares from the National Assembly. Donahue and Olivares were further punished with exceptional long delays to benefits they were entitled to. Eddie King has been denied by the Guild for a year health benefits he is entitled to.

One expulsion that received little attention was to former Guild Secretary Deirdre Panas. She was first member under Gertmenian's control to be "disciplined". She was removed from her

position as secretary and later, expelled in the same “hearing” I was. She was expelled for the following reasons:

*Panas was charged with exchanging emails with Colton planning the director’s meeting on March 31, 2003.* Panas, fulfilling her duties as secretary, had been asked by Board members in the past to handle arrangements for Board meetings. Panas did not plan the March 31 meeting, but instead handled a teleconference two weeks prior. In helping Panas, I was doing the required duties of my job, the same as the person before me and the person who replaced me.

Panas was charged with *harassing the Guild office by requesting publicly disclosed IRS tax documents.* IRS rules require tax-exempt organizations to provide copies of tax returns to any requesting individuals; these tax documents are usually to be provided immediately in the case of in-person requests and within 30 days in the case of written requests. The Guild further suspected her of contacting the IRS and making them comply with all requests. The Guild, though claiming in the charges that they complied, did not send copies of the returns for almost two months. The Guild further stated in the charges they took it easy on Panas by *“refusing its right to file a harassment complaint to the IRS against her.”*

Panas was charged with *failure to file minutes of Board meetings.* It was the Guild staff who repeatedly failed to have audio recordings of the meetings. The Board meeting she was charged with not providing the minutes was the March 31 meeting. She was the only member unable to come in person to the meeting. She participated by phone but was only intermittently able to listen by telephone because she was repeatedly getting disconnected and was told by Guild staff they were having technical problems. When I was secretary I repeatedly requested for audio recordings of meetings, but Gertmenian stated it was a waste of time, energy, and money, which the Guild had very little of.

Panas was charged with *exercising her right of freedom of speech by expressing to fellow Board member Shepherd her lack of confidence in Gertmenian.* Panas is guaranteed her right to speech in the Bill of Rights and by the LMRDA. Gertmenian and his staff are on record stating the Guild did not have to abide by the LMRDA and told members they do not have certain rights. Members of labor organizations rights are protected under the LMRDA which specifically states:

(2) FREEDOM OF SPEECH AND ASSEMBLY.-- Every member of any labor organization shall have the right to meet and assemble freely with other members; and to express any views, arguments, or opinions;

After quitting my job, I continued to demonstrate to my fellow members of the Guild the serious problems within the management. I repeatedly requested documents from the Guild, citing my right under the Department of Labor's Labor Management and Reporting and Disclosure Act, thinking foolishly that they would comply. The Guild never honored one single request, even though they are required by the IRS and the DOL.

I made several requests to chairman Swan to air my concerns at a Guild Senate meeting. My requests were ignored repeatedly until I received an email sent at 7:30 pm on a Saturday for a hearing the next day at 6:30pm. I attended the teleconference and informed the members I had insufficient time to prepare, less than 24 hours. In addition, I cited my rights under the LMRDA, which Guild management flatly stated that the Department of Labor laws did not apply to them. I was repeatedly cut off in what ever I said and a motion was made to have a hearing to expel me from the Guild.

The Guild eventually expelled me, falsely accusing me of theft and vandalism. Guild management had stated on numerous occasions that criminal charges were filed against me. To this day, no criminal charges have ever been filed against me. The Guild attempted to sue me for over \$10,000,000. I sued the Guild for defamation because I wanted to clear my name of any wrong doing. I spent over two years of my life and a large part of my life savings. Unfortunately, I could not match the Guild's financial resources and had to settle.

## **HONOR & INTEGRITY**

### ***Elections Protest Letters***

In Appendix C: Election Protest Letters, are two letters from Guild members concerning Guild election protests. Also attached is the Guild's response to one of the letters. I also have in my possession a document titled Potential BOD Candidates which has Gertmenian's personal handwriting. I was present when Gertmenian called some of the individuals on the lists lobbying

them to run for a position on the Board and to support certain members. Many of the names of the Gertmenian's list ended up in elected positions.

***What defines Perjury?***

In September 2004 my attorney had Request for Information served against Matrix Capital Associates during the discovery stage of my lawsuit. Lloyd C. Ownbey, Jr., attorney for Matrix Capital, signed the requests with the following responses: *Admission No. 2: Admit the agreed compensation for Robert Colton in working for YOU was \$500 per week plus expenses.* The response was **admit**. *Request for Admission No. 3: Admit that Robert Colton was never paid for his work by YOU:* The response was **admit**. In the fall of 2005, Lloyd Ownbey represented Matrix again in a California Labor Hearing where I was suing for my back wages. Under sworn testimony Ownbey stated I had never worked for either the Guild or Matrix at any time. He further stated Matrix did not owe any money to me. In another answer to a question I asked Ownbey, he stated he had not received any compensation from Matrix in the last three to four years. (SEE Appendix D: Possible Perjury)

***Guild Management Repeatedly Lied to Delaware Racing Commission***

Guild management lied to the Delaware Racing Commission several times. Twice concerning me and several times concerning the management of the Delaware Jockey Health & Welfare Fund.

In a January Commission meeting, Guild Vice President Fiss stated to the Commission criminal charges had been filed against me by the Guild. In minutes for March 23, 2004, meeting of the Delaware Commission:

- ❖ *Contact with John Reagan:* Mr. Rice said Mr. Colton stated he spoke to Mr. Reagan from the California Horse Racing Board, and John Reagan said he never spoke to him. Mr. Wayne replied that Mr. Rice put that in writing in a letter to the Commission dated January 12, 2004, quoting: "As an update, I spoke with John Reagan from the California Horse Racing Board on Friday, he specified he never spoke with Robert E. Colton as Mr. Colton stated in the Commission meeting on Wednesday." Mr. Wayne said he received an email from Mr. Reagan dated March 18, 2004, 4:15 p.m., Re: Jockey's Disabled Fund, quoting: "John, I know what you mean - they say a lot of things that make me scratch my head. I don't know what Rice was talking about on Jan 7, 04 but I had spoken

with Colton many times before that and Rice knew it. In fact, he angrily complained to Roy Wood that I had given Colton privileged information which was not true and Roy knew it – so they hurt themselves on that one...”

I am on record in several commission meetings and in written letters to the Delaware Commission that the Guild was not in compliance with ERISA regulations concerning the health plan, specifically by not filing annual financial reports (IRS Form 5500) and providing participants in the health plan an annual summary of the reports. The Guild stated on several occasions they had complied. In a correspondence dated 30 October 2003 to Delaware the Guild stated:

*2. a. “Unregulated Health Plan” – For clarification, Marsh, Inc. is the broker and P5 e.Health Services, Inc. is the third party administrator. To the best of our knowledge and in good faith, the Guild has complied with all known guidelines set forth by all parties.*

In minutes for January 7, 2004, meeting of the Delaware Commission:

*Mr. Colton Has Serious Concerns:* Bob Colton said he still has some serious concerns. He has contacted the Department of Labor, and **any labor organization that has any kind of welfare plan has to be registered and published and a report filled out on a form 5500. None of the Guild’s benefits** (the health insurance plan, permanent disability plan, temporary disability plan or life insurance plan) **have been registered with the Department of Labor. Mr. Rice said he has been working with the Department of Labor and as far as he knows, everything was filed that needed to be.** Mr. Colton said that was the Office of Labor and Management Standards, which was the report for financial disclosure. The IRS and the Department of Labor have joint jurisdiction over labor organizations. The labor organizations must file annual 5500 reports to the Department of Labor, in addition to supplying the members of their organization the report and none of those have been supplied to his knowledge. He offered to supply the Commission with his contact information for the Department of Labor.

In a 2003 audit submitted by the Guild for reimbursements from the Health Fund the following was stated:

*Page 4, Note 3 – The Jockeys’ Guild Benefit Plan  
ERISA Plan Name: The Jockeys’ Guild Benefit Plan  
Type of Plan: Group medical, group dental, and group life insurance  
IRS Number: 13-1922798  
Plan Identification Number: 501*

The Guild filed IRS Form 5500 for their health plan on January 19, 2005, over two years past the date the return was due. The last page of the return included the following statement from the Jockeys' Guild:

**Form 5500 Annual Return/Report of Employee Benefit Plan**

**Plan Name: The Jockeys' Guild Welfare Benefits Plan**

**Date: 1/19/2005**

*Form 5500, Box D – DFVC Filing*

*Please note that this return is being filed under the DFVC program and the required penalties have been submitted to:*

*DFVC Program*

*EBSA*

*P.O. Box 530292*

*Atlanta, GA 30353-0292*

The Delinquent Filer Voluntary Compliance (DFVC) Program is designed to encourage voluntary compliance with the annual reporting requirements under the Employee Retirement Income Security Act (ERISA). The DFVC Program gives delinquent plan administrators a way to avoid potentially higher civil penalty assessments by satisfying the program's requirements and voluntarily paying a reduced penalty amount.

***Matrix Staff Contribution to the Jockeys' Guild***

In the law suit between the Guild/Matrix and I, one of the documents disclosed in discovery was one titled "Matrix Staff, Contribution to the Jockeys' Guild". The document lists 32 Matrix Consultants with 24,650 hours of combined hours contributed to the Guild over an eighteen month period (June 15, 2001 thru December 31, 2003) at an estimated market value of \$200 per hour for a total value of \$4,930,000. The Guild's Vice President Albert Fiss had 7,200 hours listed giving him a contributed value of \$1,440,000. The document further stated Fiss was only paid by the Guild \$36,000 over this same time period. Dividing Fiss's stated hours (7,200) by the time period (564 days) would have calculated to an average of 13 hours per day if he work all 564 days. Contradicting this document are the 2001 and 2002 IRS returns filed by the Guild, one signed by Fiss. In both returns, under Part V, List of Officers, Albert Fiss is listed as Vice President with average hours per week devoted: NONE; Compensation: 0; Expense Account: 0; Contribution to EBP & DC: 0. Fiss, as with most of Gertmenian's staff, was provided with an

apartment, cell phone, food, and traveled extensive during this time period. With the exception of the 2002 return for Gertmenian's stated compensation of \$75,000., all key employees listed had a zero printed for all categories including hours and compensation. (SEE Appendix F: Matrix Hours)

***Jockey or Jock's Agent?***

David Shepherd was elected as a Guild Senator 2001, to member of the Board in 2003, and Chairman in 2004. He was injured in July of 2002 at a racetrack and was unable to ride for rest of the year. When Guild members are injured they collect disability payments from both the Guild and the racetrack where they were injured. It is illegal in most states to collect disability while gainfully employed. Eligibility for participation in the Guild's health plan is 100 mounts per year minimum. Guild members pay into their Health Premium Welfare Accounts by mean of \$7 deductions from their jock mounts. The Guild's current health premium rate for a family is \$690 per month. Oklahoma Rules of Racing prohibit jockeys from be licensed in any other capacity. If a person is licensed as a jockey and takes out a jockey agent license, he must surrender his jockey license. The following will make sense to the above:

Oklahoma Horse Racing Commission (from their web site)

2002 Jockey Agent License List:

<i>Lic Type</i>	<i>Name</i>	<i>Track</i>	<i>Birthday</i>	<i>Lic Start Date</i>	<i>Lic Expiration Date</i>
Jockey	SHEPHERD, DAVID REED	RP	11/21/1957	2/21/2002	12/31/2002
<b>Jockey Agent</b>	<b>SHEPHERD, DAVID REED</b>	<b>RP</b>	<b>11/21/1957</b>	<b>8/29/2002</b>	<b>12/31/2002</b>

2003 Jockey Agent License List:

<i>Lic Type</i>	<i>Name</i>	<i>Track</i>	<i>Birthday</i>	<i>Lic Start Date</i>	<i>Lic Expiration Date</i>
Jockey	SHEPHERD, DAVID REED	RP	11/21/1957	4/16/2003	12/31/2003
<b>Jockey Agent</b>	<b>SHEPHERD, DAVID REED</b>	<b>RP</b>	<b>11/21/1957</b>	<b>8/21/2003</b>	<b>12/31/2003</b>

2002 IN ALL AVAILABLE COUNTRIES

	STARTS	1ST ( % )	2ND ( % )	3RD ( % )	UNPL%	EARNINGS
TOTALS	126	7 (6)	6 (5)	11 (9)	(81)	\$94,410

2003 IN ALL AVAILABLE COUNTRIES

	STARTS	1ST ( % )	2ND ( % )	3RD ( % )	UNPL%	EARNINGS
TOTALS	43	1 (2)	2 (5)	4 (9)	(84)	\$16,612

2004 IN ALL AVAILABLE COUNTRIES						
	STARTS	1ST ( % )	2ND ( % )	3RD ( % )	UNPL%	EARNINGS
TOTALS	4	0 (0)	2 (50)	0 (0)	(50)	\$3,651

2005 IN ALL AVAILABLE COUNTRIES						
	STARTS	1ST ( % )	2ND ( % )	3RD ( % )	UNPL%	EARNINGS
TOTALS	46	0 (0)	0 (0)	6 (13)	(87)	\$14,570

In closing, Mr. Chairman, I thank the Committee for bringing attention to lack of adequate on track injury insurance. I acknowledge the majority of my testimony involved the Jockeys' Guild. I would hope that these two issues remain apart in your investigations. Labor organizations have a long history of internal strife. The needed benefits for all backside workers should not be delayed because of what has taken place inside of the Guild

Mr. Chairman, thank you for the opportunity to address the Subcommittee. Please accept my full written testimony to the Congressional record. I would be happy to respond to any questions you may have.



**APPENDIXES**

**A: On Track Injury Insurance Proposal**

**B: Monrovia Police Affidavit**

**C: Election Protest Letters**

**D: Possible Perjury**

**E: Delaware Concerns**

**F: Matrix Hours**

**G: Disable Jockeys Fund**

APPENDIX A

On Track Injury Insurance

**On Track Injury Insurance for Horse Racing Workers**  
**An Analysis and Proposal**  
**By Robert Colton**

On track injury insurance is currently one of the hot topics in the horse racing industry. It is a problem that the industry has grappled with for a long time. Unfortunately for many of the individuals injured in this industry, the solutions have been less than adequate. This has been mainly due to the industry's failure to come together and address the problem as a whole. When the cost for a national program is compared to the national mutual handle, it really isn't a question of cost. To insure all the jockeys in the United States with a million dollars of medical coverage is less than two-thirds of one-tenth of one percent of the national handled (0.066%). What is the problem here? It certainly should not be about money.

With so much attention, both inside and outside the industry, on the insurance issue, there has never been a better time to develop a complete solution. The industry should not only address the insurance problem for everyone involved with the horses, but at the same time developed a national program that makes safety job one. Developing, implementing, and monitoring uniform safety standards would help reduce injuries and help reduce medical costs.

With the full cooperation of the industry and individual responsibility, the problem, and its monetary costs, is a very small part of the economic picture of the horse racing industry. Without this cooperation, the economic impact to any one organization or individual can be overwhelming, especially an exercise person or jockey that has suffered a catastrophic injury with either no or limited medical coverage. Having millions of dollars in medical bills while being totally disabled is something no one in this industry should have to face.

The attached proposal takes a very simplistic approach and slices everything down the middle or at least in parts to all entities involved. It first divides the cost between the national handle and the local entities involved with each horse that starts. The proposal further divides each half. On the mutual handle side, a sliding scale based on the amount of the wager contributed to purses, the less contribution, the higher percentage charged for the program. The local track's half would be further divided among the entities involved with the horse. The cost associate with a horse running in a race would be divided between the track, horse owner, and jockey. For the backside help, grooms and exercise people, the costs would be split between the tracks and trainers. How each pays their share could be decided locally, percentage of purse, fee per start, fee per stall, etc.

This was a quick study and is not intend to focus on the actual costs but deal more with joint responsibility. With limited resources available when researching, some of the figures used in this report are estimates, though I am confident the estimates are within reason of the actual costs. I welcome any comments you may have and will pass the comments on to any national committee that may be formed as a result of the Congressional hearing. You can reach me through email at: robertecolton@hotmail.com.

**On Track Injury Insurance Study and Proposal  
Costs and Income Projection**

	<u>Jockey</u>	<u>Exercise Person</u>	<u>Backside</u>	<u>Total</u>
	<u>Annual Costs</u>	<u>Annual Costs</u>	<u>Annual Costs</u>	<u>Annual Costs</u>
<u>On Track Insurance Premiums</u>				
Annual National Premium	\$ 9,915,075	\$ 24,787,688	\$ 14,872,613	\$ 49,575,375
15% additional for permanent disability	\$ 1,487,261	\$ 3,718,153	\$ 2,230,892	\$ 7,436,306
Total Cost	\$ 11,402,336	\$ 28,505,841	\$ 17,103,504	\$ 57,011,681
Cost per start	\$ 25.69	\$ 64.24	\$ 38.54	\$ 128.47
Percentage of National Handle	0.076%	0.189%	0.113%	0.378%
Percentage of GNP Impact	0.034%	0.084%	0.050%	0.168%
<u>Premium Responsibility</u>				
Mutual Handle (50%)	\$ 5,701,168.13	\$ 14,252,920.31	\$ 8,551,752.19	\$ 28,505,840.63
Horse Starts(50%)	5,701,168.13	14,252,920.31	8,551,752.19	28,505,840.63
Costs per start				
Mutual Handle	\$ 12.85	\$ 32.12	\$ 19.27	\$ 64.24
Horse Start	\$ 12.85	\$ 32.12	\$ 19.27	\$ 64.24

Mutual Handle

On Track	lowest rate times handle at location	
Account	medium rate times handle at location	
Off Shore	highest rate times handle at location	
Annual Costs from Mutual Handle	\$ 5,701,168	\$ 14,252,920
		\$ 8,551,752
		\$ 28,505,841

Horse Starts

	<u>Cost/Race</u>	<u>Cost/Race</u>	<u>Cost/Race</u>	<u>Cost/Race</u>
Track (33.3%)	4.28	10.71	6.42	21.41
Horse Owner (33.3%)	4.28	10.71	6.42	21.41
Jockey (33.3%) / Trainer / Trainer	4.28	10.71	6.42	21.41
Total	12.85	32.12	19.27	64.24

Annual Costs per all Starts

\$ 5,701,168	\$ 14,252,920	\$ 8,551,752	\$ 28,505,841
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Average starts per horse per year

6.57	times	\$	17.13	\$	112.54
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10 months average per horse at tack

\$	1.00	per stall per day	300	\$	300.00
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### On Track Injury Insurance Study and Proposal Statistics

<b>National Mutual Handle <sup>1</sup></b>		<b>Amount</b>	<b>Percentage</b>	<b>National Economic Impact <sup>3</sup></b>
On Track	\$ 1,860,000,000		12.3%	US Gross Domestic Product
Off Track	\$ 13,239,000,000		87.7%	Contribution
<b>Total</b>	<b>\$ 15,099,000,000</b>		<b>100.0%</b>	<b>Economic Impact</b>
Average per race	\$ 281,724			Full-Time Equivalent Jobs
Average per horse start	\$ 34,025			Employment
				Generated
				Horses
<b>Purses <sup>2</sup></b>	<b>Amount</b>	<b>% of Handle</b>		<b>National Racing Statistics</b>
Actual Purses	\$ 1,092,100,000	7.23%		Races <sup>4</sup>
Project Purses	\$ 1,358,910,000	9.00%		Starts
Purse Loss	\$ (266,810,000)	-19.63%		Avg field size <sup>5</sup>
Average purse	\$ 20,140			

Impossible to determine true purse loss due to revenue from slots, state subsidies, TV contracts, nominations, etc.

<b>On Track Insurance Premiums</b>	<b>Low Claims</b>	<b>High Claims</b>	<b>Average</b>	<b>Type of Insurance Coverage</b>
Premium/day/track	\$ 1,500	\$ 2,200	\$ 1,850	Medical (on track)
Premium/race	\$ 150	\$ 220	\$ 185	Disability
Premium/mount	\$ 18.12	\$ 26.57	\$ 22.34	benefit per week, 104 week maximum benefit
Annual National Premium	\$ 8,039,250	\$ 11,790,900	\$ 9,915,075	Accidental Death
Premium % of purses	0.745%	1.080%	0.908%	Permanent Disability
Premium % handle	0.053%	0.078%	0.066%	maximum benefit based on disability
Premium % GDP Impact	0.024%	0.035%	0.029%	

<b>Takeout (based on 18%) <sup>6</sup></b>	<b>% Kept by</b>	<b>Track(s)</b>	<b>Purses</b>
<b>Bet Location</b>	<b>Location of Bet</b>	<b>Local</b>	<b>Local</b>
On Track (bet local race)	18.00%	9.00%	9.00%
Off Track			0.00%
Local Track (bet simu race)	15.00%	7.50%	7.50%
Account (bet local)	4.50%	6.75%	6.75%
Account (bet non local)	4.50%	5.25%	5.25%
Off Shore	15.00%	1.50%	1.50%

For simplicity, take out rate excludes percentage for state tax takeouts

APPENDIX B

Monrovia Police Affidavit



DECLARATION ESTABLISHING  
PROOF OF SERVICE OF SUBPOENA

CASE NUMBER.: GC 033390

CASE CAPTION: MATRIX CAPITAL ASSOCIATES, INC.; ET AL.,  
VS.....: ROBERT E. COLTON,

1. I served the attached subpoena by personally delivering a copy  
to the person served as follows:

PERSON SERVED/TIME.: J. MILLETT 610

ADDRESS WHERE SERVED: 140 EAST LIME AVENUE  
MONROVIA, CA 91016

PHONE NUMBER.....: 626 2568000

DATE OF DELIVERY.....: 3/31/05

WITNESS FEES PAID...: \$ .00 CHECK NUMBER: 0

2. I received the attached subpoena for service on...: 3/31/05

3. Person serving:

Is an employee or independent contractor of a registered  
California process server.

Is a registered professional photocopier.

Name, address, telephone number, county of registration, and  
registration number: SALVADOR PINELA  
2530 CORPORATE PLACE, SUITE A102  
MONTEREY PARK, CA 91754  
LOS ANGELES COUNTY NUMBER 666  
323 9819829

I declare under penalty of perjury under the laws of the State  
of California that the foregoing is true and correct.

EXECUTED AT: 2530 CORPORATE PLACE, SUITE A102  
MONTEREY PARK, CA 91754

DATE.....: 3/31/05

(SIGNATURE)

ORDER# R38081500101

1 CASE/DOCKET NUMBER: gc 033390

2 PLAINTIFF/DEFENDANT: Matrix vs Colton

3

DECLARATION UNDER EVIDENCE CODE SECTION 1560:

3 The undersigned declares:

4 1. I am the duly authorized Custodian of Records Designee of the Monrovia Police  
Department and I am duly authorized to certify such records and copies thereof:

5 2. (Check one of the following):

6  Enclosed are all of the original records described in the Subpoena.

7  The copies transmitted are true copies of all the original records  
described in Subpoena

8  The copies transmitted are true copies of *part* of the original  
10 records described in the subpoena;

11  No copies or records are transmitted because the business has none  
12 of the records described in the Subpoena.

13  The records described in the subpoena are privileged and cannot be  
14 disclosed absent a specific court order.

15 3. The records referred to above were prepared by the personnel of the  
16 above-named business, in the ordinary course of the business, at or near the  
17 time of the acts, conditions or events recorded.

18 Executed, April 18, 2005 at Monrovia Police Dept., Monrovia  
19 California 91016. I declare under penalty of perjury that the foregoing is

20 true and correct.

21 Sign here: Carmen Acosta

22 Print name: Carmen Acosta

23 **Custodian of Record, Designee  
Monrovia Police Department**





ORDER COMPLETION LETTER - CNR OBTAINED

4/21/05

SEDGWICK, DETERT, MORAN & ARNOLD LLP  
801 SOUTH FIGUEROA STREET, 18TH FLOOR  
LOS ANGELES, CA 90017-5556  
ATTN: KELLY PALMER

YOUR FILE NUMBER:  
CASE NUMBER : GC 033390  
CASE CAPTION : MATRIX CAPITAL ASSOCIATES, INC.; ET AL.,  
V. ROBERT E. COLTON,  
RECORD SUBJECT : ROBERT E. COLTON  
COMPEX REQUEST #: R380815 - 001  
LOCATION : MONROVIA POLICE DEPARTMENT

DEAR KELLY PALMER,

Please accept this as confirmation that the above order is being closed due to receipt of a valid Certificate of No Records (CNR) from the requested location. All appropriate due diligence has been completed. Attached is a fully detailed CNR.

Should additional information become available which indicates records exist, please contact me and we will continue our efforts to obtain the requested records.

Please do not hesitate to call me if you have any questions.

Sincerely,

Alice Kosmata  
325 MAPLE AVENUE  
TORRANCE, CA 90503-2602  
(800) 426-6739  
Fax: (800) 479-3365

APPENDIX C

Election Protest Letters

December 15, 2004

From: Oliver Castillo  
207 Commons Lane  
Collegeville, PA 19426

To: Board of Directors  
Jockeys' Guild, Inc.  
134 E. Chestnut Avenue  
Monrovia, CA 91016

Re: **PROTEST OF ELECTION**

To Whom It May Concern:

The purpose of this letter is to notify the Board of Directors that I am protesting the election of the Senate and Board officers at the last national assembly held in Dallas, Texas, December 6-7, 2004. I am also protesting the election of all track delegates.

The Jockeys' Guild has been in direct violation of the Labor-Management Reporting and Disclosure Act (LMRDA) in several ways concerning the election of officers in the Guild.

1. The LMRDA states: "*Not less than fifteen days prior to the election notice thereof shall be mailed to each member at his last known home address.*" To my knowledge, the Guild has never sent any written notification of any election since the change in management which took place in June of 2001.
2. The LMRDA states: "*The votes cast by members of each local labor organization shall be counted, and the results published, separately. The election officials designated in the constitution and bylaws or the secretary, if no other official is designated, shall preserve for one year the ballots and all other records pertaining to the election.*" To my knowledge, the Guild does not keep any records of the track delegate meetings nor are the results published. The Guild bylaws do not provide for the preserving of ballots and records for tracks delegates and only 60 days for Senate and Board elections.
3. The LMRDA states: "*Each member in good standing shall be entitled to one vote.*" The Guild's bylaws are in direct violation by allowing "*A member may vote in an election at more than one Colony.*"
4. The LMRDA states: "*In any election required by this section which is to be held by secret ballot a reasonable opportunity shall be given for the nomination of candidates...*" Member representatives showing up unannounced and without a prior written notification has not provided the membership with a reasonable opportunity to nominate candidates.

What is even more troubling than the Guild's election process is management's outright denial of the LMRDA. The LMRDA states: "*Every labor organization shall inform its members concerning the provisions of this Act.*" Not only has the current management not informed members about the LMRDA, but when confronted with the law, they have flatly denied the Guild falls under the LMRDA's jurisdiction.

I expect an immediate written response in how the Board will remedy this troubling situation.

Sincerely,



Oliver Castillo  
Active member

December 19, 2004

Megan Ludlow  
1101 W McKinley Ave, Lot 324  
Pomona, CA 91768

**RE: PROTEST OF ELECTION**

Jockeys' Guild, Inc.  
PO Box 150  
Monrovia, CA 91017

To the Board of Directors:


As an active member of the Jockeys' Guild I am protesting the elections of the Board and of the Senate at the assembly held in Dallas, Texas, December 6-7, 2004. I am also protesting the election of Track Delegates that were/are held continuously through out the year.

I am protesting the elections for the following reasons:

- No written notifications were mailed to each member at his/her last known home address fifteen days prior to the any of the elections.
- The Jockeys' Guild has not kept any records of the track delegate meetings nor have the results been published. The Guild bylaws are in violation of the Department of Labor law which requires that the Guild "shall preserve for one year the ballots and all other records pertaining to the election."
- The Jockeys Guild has not afforded a reasonable opportunity for the nomination of candidates nor informed candidates they have the right, once within 30 days prior to an election of a labor organization in which he/she is a candidate, to inspect a list containing the names and last known addresses of all members of the labor organization.
- I was placed by the current management to represent a track that I was not elected to represent. The Guild's use of "substitute track delegates", where any member is placed into an elected position without having been elected is an outrageous violation of democracy. Imagine how chaotic our government would be if a person in the gallery at the U.S. House of Representatives or Senate was place into a Representative's or Senator's seat and voted.
- The Jockeys' Guild has failed the most basic part of the Labor Management Reporting and Disclosure Act, **Every labor organization shall inform its members concerning the provisions of this Act.**

I want immediate action taken by the board and a written response informing of their intention to my protest.

Sincerely,

  
Megan Ludlow

LAW OFFICES OF  
LLOYD C. OWNBEY, JR.  
ATTORNEY AT LAW  
180 SOUTH LAKE AVENUE  
SUITE 540  
PASADENA, CALIFORNIA 91101-2683  
(626) 440-5980  
FAX (626) 585-9580

February 3, 2005

Mr. Oliver Castillo  
207 Commons Lane  
Collegeville, Pennsylvania 19426

**Re: Your Protest of Election**

Dear Mr. Castillo:

Your protest of the election has been received. Please be advised that you are misinformed. The national election fully complied with the LMRDA, and the election of delegates in the colonies are not subject to the Act.

1. At all times from June 2001, all members of the Guild received comprehensive notices regarding the annual meeting which fully complied with the LMRDA. The notice exceeded the 15-day rule provided in the Act. The attendance at the meeting was the largest in the history of the Guild.

2. There is no "local labor organization" such as locals that exist in the AFL/CIO. Elections are conducted on a democratic national basis as set forth in the Bylaws of the Guild. Results of all elections at all levels of the Guild have been promptly published. The Bylaw require after the assembly the Guild to reserve the ballots cast for 30 days. This requirement was complied with.

3. There is no evidence that any member was not permitted a vote. Most jockeys ride in several colonies throughout the year. This being so, it is important to recognize the political stakes a rider has in each colony visited, and be permitted expression of interest in its affairs. The Guild makes every effort to allow that to happen.

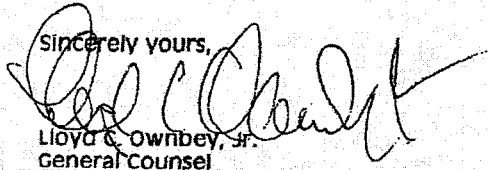
4. The structure of the Guild is established to maximize a democratic representation. Each candidate is required to announce a willingness to serve, and thereafter a secret ballot is conducted. The Guild's procedures place no impediment on any member to seek office, prepare a slate of candidates, stand alone, or cause a campaign to be made to provide political support.

February 3, 2005  
Page 2

5. The LMRDA is an extensive body of law. There is no legal requirement to provide this body of law to each Guild member. Nor is there a requirement to translate any or all of that law in Spanish.

6. Historically, the NLRB has refused to assert jurisdiction over the Jockeys' Guild. Prior Guild administrations did not believe the Act applied to the Guild because of the NLRB's position and the race track owner's assertion that jockeys are independent contractors and not employees. This administration is of the opinion that the LMRDA does apply to the Guild and is making every effort to bring the Guild into total compliance, and has submitted the necessary paperwork and audits. This administration will discuss the scope of the compliance with the Department of Labor and come into full compliance within the scope of the Department of Labor's regulations as soon as it is clear what the scope of compliance is. If the requirement is limited to the employees' Bill of Rights, the task is far less onerous.

Sincerely yours,



Lloyd C. Ownbey, Jr.  
General Counsel

LCO/jo

APPENDIX D

Possible Perjury

**SEDGWICK**  
DETERT, MORAN & ARNOLD LLP

01 South Figueroa Street, 18th Floor  
Los Angeles, California 90017-5556  
Tel: 213.426.6900 Fax: 213.426.6921

www.sdma.ca

November 1, 2004

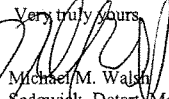
Mr. G. Stanley  
Hearing Officer  
Department of Industrial Relations  
Division of Labor Standard Enforcement  
6150 Van Nuys Boulevard, Room 206  
Van Nuys, CA 91401

Re: *Robert Colton v. Matrix Capital Assoc. Inc.*  
Labor Commissioner Case No. 17-35847CJ

Dear Mr. Stanley:

We represent Mr. Colton in a related lawsuit entitled *Matrix Capital Assoc. Inc., Jockey's Guild v. Robert E. Colton*, LASC Case No. GC033390, and are advising him with regard to his claim for unpaid wages and expenses.

It was our understanding that the only dispute with Matrix Capital Associates, Inc. regarding Mr. Colton's status was whether Mr. Colton was an employee (as he was) or an independent contractor (as they claim). As such, the apparent claim by counsel at the hearing on October 26, 2004 that Mr. Colton was a volunteer was not only blatantly inaccurate but was also wholly unexpected. To that exact point, please find enclosed Requests for Admission addressed to Matrix, and the corresponding responses prepared by Mr. Ownbey's office which confirm: 1) that Mr. Colton's agreed compensation was \$500 per week plus expenses, (Request No. 2), and 2) that Mr. Colton was never paid, (Request No.3). The remaining responses state the position of Matrix that Mr. Colton was not an employee and that it does not intend to pay Mr. Colton's wages and expenses.

Very truly yours,  
  
Michael M. Walsh  
Sedgwick, Detert, Moran & Arnold LLP

MMW:baf

cc: Robert Colton  
Lloyd C. Ownbey, Jr.

LA/578560v1



APPENDIX E

Delaware Concerns

### 1. Health, Dental and Vision Self Insurance Costs

- a) **Use of estimated costs.** The Guild is billing the Delaware Jockeys' Health Fund \$374,015 for *estimated* health premiums in the *self insurance program*. The actual claims paid were \$116,774. The Marsh Administration and the stop-loss insurance ran approximately 17.5% for a total health plan administration fee of \$20,447. The total actual costs incurred by the Guild were \$137,221. The difference between the actual and estimated costs is \$236,794, with this amount going directly to the Guild as profit for administrating the health plan. On top of the excess "health premium costs" the Guild adds an additional \$34,595 "administration costs" for total administrative costs (profit) of \$271,389.
- b) **Self Insured Program designed for a profit.** The self insurance program is designed to operate at a profit margin of 26-30%. If medical claims run higher than expected, the estimated premiums are raised.
- c) **Only state fund programs pay estimated premiums.** Guild members that are not in the Delaware or California funds do not pay the *estimated* premium rates \$348.20 single, \$696.34 with dependent, and \$925.65 family, but instead pay a lower rate of \$225.00, \$425.00, and \$550.00 *with no administration fee*. Why does the rest of the Guild pay a lower rate?
- d) **No subsidized Media Rights for Delaware members.** The Guild claims the health premium rates charged to regular Guild members are subsidized by the TRA Media Rights payments. If this is true, why don't Delaware or California jockeys have media rights?
- e) **Trust already in place.** If the \$236,794 is for future claims, the money should remain in the vehicle designed to hold it, the secured trust fund, until the costs are actually incurred, instead of commingled into the Guild's operating account.

### 2. Concerns with the Self Insurance Program

- a) **Unregulated Health Plan.** The Guild's self insurance program follows few state or federal regulations. The few provided guidelines by Marsh, the program administrator, have not been followed regularly the Guild.
- b) **Ineligible individuals in Health Plan.** The Guild has not enforced the requirement of 100 mounts annual mount minimum for eligibility for insurance. There are several individuals participating in the Guild's Health Plan that are not eligible for the plan. The eligibility was put in place to keep claims costs down. Non enforcement of eligibility puts the plan at risk.
- c) **Non-secured reserves.** The self insured program requires a reserved be kept based on number of members and claims experience. The Guild does have the reserve amount about \$870,000 set aside, but the money is not secured in a trust that releases the use of funds for the health plan only. The Guild may use these funds for any reason at anytime under the current conditions.
- d) **Non payment from members.** The provider of the stop loss policy has the right to audit the Guild for verification that each member has paid their premiums. If there is a high claim and the payment was made by the Guild and not the member, the provider can refuse or demand a refund of the claim. The Guild had approximately \$365,000 accounts receivable for dues and premiums from members at the beginning of March, 2003. This was an enormous amount considering there were just over 400 members on the plan and the plan was only fourteen months old and the health plan requires members *prepay the premiums*.
- e) **Drop on track coverage and permanent disability.** The Guild drop \$1,000,000 of on track medical coverage and a permanent disability policy without conferring or notifying the Commission, track management, the horsemen, or even their own members.

### 3. Double charging the Fund and Members for disability and life insurance

- a) **Guild keeps income, charges expenses to fund.** Since the creation of the Delaware Fund, the Guild has charged Guild members a per mount fee for Guild provided disability and life benefits. The Guild has pocketed the per mount fees while charging the costs of Guild benefits to the fund. The Delaware benefits are not in addition to the Guild benefits, they are the Guild benefits. The Guild keeps the income and is refunded for the expenses that include an administrative fee. This has profited the Guild over \$600,000 in just five years. The Guild charged \$5 per mount until mid 2001, when the fee was reduced to \$3, with total mount collections over \$450,000 for the life of the fund. They also collected \$168,000 for Guild disability and life insurance.

### 4. Concerns with the Guild

- a) **Poor record keeping.** The Guild has been notoriously late with audits, absent paper work, late and omitted payments, and hard to contact since the change in management.
- b) **Failed 2001 General Audit.** The auditor “was unable to conduct an audit of the statement of activities and cash flows in accordance with auditing standards generally accepted in the United States.”
- c) **High turnover of help.** The Guild has experience a very high turnover of help in its office since the change in management.
- d) **Closed financials to membership.** After refusing numerous requests for financials, supporting documents and schedules, and other documentation from its members, the Guild has closed its financials records to its members and board. Only the Chairman, treasure, and one board member can now review the financials, the rest of the membership are only allowed to view audited statements. The secretary of the board was only able to obtain the publicly available federal tax returns with the assistance of the IRS.
- e) **Disabled Jockeys Fund Bankrupted.** The current management has revealed to its membership that the Disabled Jockeys Fund is almost bankrupt. The fund had \$1,330,000 at the beginning of 2002. Management has refused to provide any financials for this charity to the members or board.
- f) **Commingling of members' monies.** The Guild established *individual* Benefits Premium Accounts January 1<sup>st</sup>, 2002, in conjunction with the reestablishment of a health plan for its members. The accounts are escrow accounts where deductions (\$7 per mount) from a member's mount fees are placed to pay health insurance premiums. The deductions are not deposited into individual accounts and instead are commingled into the Guilds' operating account with no interest provide to the members and are not FDIC insured.
- g) **Failure to record properly and return members money.** The 2001 audit revealed serious concerns with the Guild's accounting system and its inability to record accurately or return members' money.
- h) **Fraudulent Retirement Accounts.** The Guild has fraudulently promoted the individual Benefits Premium Accounts as retirement accounts where excess deposits above the costs of yearly premiums will be into a retirement account with matching funds from the Guild. Dr. Gertmenian recently admitted to the board that there is no retirement plan in place for members.

APPENDIX F

Matrix Hours



**Matrix Staff  
Contribution to the Jockeys' Guild**

Consultant	Expertise	2001-2002 hrs	Paid by Guild	Q1, 2003 hrs	Paid by Guild
1 Gevork Asatryan, MBA	b - Accounting	0		0	
2 Daniel Baustiza	b - Language	0		0	
3 Thomas Brondum, MBA	a - Engineering	1,800		30	
4 Nikolai Chuvakhin	b - Finance	800		15	
5 Martin Cohen, MBA	b - Technology	1,480	\$12,500	120	\$2,500
6 Michael Curry, MBA	b - Technology	2,800	\$62,000	100	\$3,000
7 Rosy DeSanctis, MBA	b - Marketing	0		0	
8 Steve Eckstrom, JD, MBA	b - Law	750		30	
9 Ava Eacobar, MBA	b - Management	0		0	
10 Albert Fies, MIA	a - Finance	7,200	\$37,500	1,080	\$6,250
11 Don Furman, MBA	b - Administration	20		0	
12 Alice Galistan, CPA, MBA	b - Accounting	2,000	\$35,000	0	
13 Jackie Gaston, MBA	b - Administration	450		0	
14 Cynthia Gertmenian, ASID	b - Insurance	340		45	
15 Farrell Gertmenian, MBA	b - Marketing	960		420	
16 Steve Gigliotti, JD	a - Law	300		110	
17 Liza Haley, MSW	b - Behavior	1,100		800	
18 Chris Harris, CIA, JD	b - Accounting	230		10	
19 Manu Hinduja, MBA, PhD	a - Accounting	0		10	
20 John Joseph	a - Banking	130		20	
21 Fern Lee, MBA	b - Law	7,800		120	
22 Larry Menz, JD	a - Law	480		30	
23 Scott Miller	b - Technology	0		0	
24 Philip Moore, MBA	b - Insurance	0		0	
25 Lloyd C. Ownbey, Jr., JD	a - Law	1,220	\$32,000	210	\$17,000
26 Bernie Press	b - Administration	60		10	
27 Stephen J. Rice, MBA	b - Technology	990		1,020	
28 Adriano Sanigok, MBA	b - Marketing	0		0	
29 Henry Scholtz, MS	b - Science	60		10	
30 Patrick Stuetz, MBA	b - Marketing	10		0	
31 David Woodcock	a - Marketing	120		60	
32 Laila Zacarias, MBA	b - Marketing	0		0	
Total Matrix Hours Contributed =		24,650		4,250	
Guild Payments to Individuals =			\$199,000		\$28,750
Guild Payments to Matrix =			\$633,000		\$114,000
Estimated Market Value (@\$200/hr) =			\$4,930,000		\$850,000
Value Added by Matrix without Compensation =		19 months		3 months	

**Legend**  
 a = \$250/hour to \$500/hour    b = \$100/hour to \$150/hour  
 CPA = Certified Public Accountant    JD = Doctor of Law    PhD = Doctor of Philosophy  
 CFA = Chartered Financial Analyst    CLU = Chartered Life Underwriter    ASID = American Society of Interior Designers  
 MBA = Master of Business Administration    MS = Master of Science    MSW = Master of Social Work

PLEASE NOTE: The hours stated above represent a best guess.

APPENDIX G

Disable Jockeys Fund

**Thoroughbredtimes Today's News (12/05/2001)**

The Guild started the endowment with \$250,000 in donations from its members and hopes to increase the fund to \$10-million through a national campaign both within and outside the racing industry.

**The Bloodhorse (12/08/2001)**

Dr. L. Wayne Gertmenian, chief executive for Guild manager Matrix Capital Associates, said the disabled jockey's program is nearly broke and desperately needs a reliable source of revenue. The disabled jockeys program currently provides aid to about 50 permanently disabled riders and between 100-200 temporarily disabled riders at any given time. "This is the Guild's next serious problem," Gertmenian said. "We need about \$10 million to get enough interest to subsidize current expenses, which is about \$1 million."

The Guild formed the endowment during its annual meeting held Dec. 3 in Austin, Texas. The annual meeting, now called the Assembly, had been held in Las Vegas previously. The endowment was started with \$250,000 from the Guild. (The Guild's 2002 MONTHLY average for temporarily disabled riders was 55)

**Thoroughbredtimes Today's News (12/06/2002)**

The Guild created a board of trustees for the Disabled Jockeys' Endowment, consisting of Chairman David Woodcock, founder of INC magazine; executive director John Joseph, former Chairman of West Coast Bank Corp. and Sunwest Bank; Wes Parker, former first baseman for the Los Angeles Dodgers; Dr. Richard Vanis, orthopedic surgeon; Merlin Olsen, actor and former National Football League star; Joe Harper, president and chief executive officer of Del Mar Thoroughbred Club; and Gary Biszantz, chairman of the Thoroughbred Owners and Breeders Association and owner of Cobra Farms.

**2002 Form 990 (Federal Tax Return) - List of Officers, Directors, Trustees, and Key Employees:**

President W. Gertmenian, Secretary L. Ownbey, and Treasure & Director J. Joseph (only individuals listed).

**Thoroughbredtimes Today's News (12/10/2002)**

Swan (Guild COB) also urged racing industry participants to contribute to the Guild's new Disabled Jockeys' Endowment, which recently was created in an effort to keep solvent the organization's apparatus for supporting jockeys who have been disabled. The Guild supports 51 disabled riders, most of them confined to wheelchairs, but funding will be exhausted by May unless the endowment is supplied with sufficient resources, she said.

The Guild is seeking \$10-million for the endowment, and Swan said that under terms of its creation, the principal would never be spent. All interest income would be used to support disabled jockeys with none going to administrative costs, she said.

To date, a group of some of America's most successful riders has given \$250,000 to the endowment. The New York Racing Association, Lone Star Park, and California racing organizations also have contributed, but donations total only about \$600,000, Swan said.—Michele MacDonald

**Form 990 Return of an Organization Exempt from Tax:****DISABLED JOCKEYS ENDOWMENT**

2003 Net Assets or fund balance at end of year (12/31/2003):	<b>\$ 745,334.</b>
2002 Net Assets or fund balance at end of year (12/31/2002):	<b>\$ 108,758.</b>

**DISABLED JOCKEYS FUND**

2004 Net Assets or fund balance at end of year: (filed Sep 2004)	<b>\$ 0.</b>
2003 Net Assets or fund balance at end of year:	<b>\$ 105,071.</b>
2002 Net Assets or fund balance at end of year:	<b>\$ 440,888.</b>
2001 Net Assets or fund balance at end of year:	<b>\$ 1,327,083.</b>
2000 Net Assets or fund balance at end of year:	<b>\$ 1,215,424.</b>
1999 Net Assets or fund balance at end of year:	<b>\$ 1,011,703.</b>
1998 Net Assets or fund balance at end of year:	<b>\$ 819,183.</b>
1997 Net Assets or fund balance at end of year:	<b>\$ 547,087.</b>

**Interview: Progress, turmoil in Jockeys' Guild**

L. Wayne Gertmenian discusses the changes and challenges since 2001 management change

Thoroughbredtimes, December, 2003

by Reg Lansberry

TT: Any other priorities at the start?

**Gertmenian:** "The other thing would be the number of disabled jockeys. There was no money for them."

TT: Are you referring to the Disabled Jockeys' Fund? No money?

**Gertmenian:** "Let me explain that, because it's a complex issue. The Disabled Jockeys' Fund is held in the Guild and sends money to disabled jockeys. And money raised historically for the fund went in and got spent. Like you expect.

"The problem is that the dollars weren't kept. They were used. ... **By the time we took over, because of the drought in the [stock] market and the fact that the number of disabled jockeys had grown so dramatically, there was no way that the fund could solve the problem.** Now, keep in mind that by solving the problem all they were giving to the disabled jockeys was \$250 a month. It's ridiculous. Nobody who is living in a wheelchair can be able to survive on \$250 a month."

TT: How many disabled jockeys were receiving that payment?

**Gertmenian:** "**I think about 110.** Maybe a little bit less than that, maybe 47 or 48 in wheelchairs. ... This fund would have been depleted by the middle of 2003. ... So we created something called the Disabled Jockeys Endowment. It was created as an external fund to the Guild, **an independent institution.**"

TT: When was that endowment established?

**Gertmenian:** "I'm going to have to guess, mid-2002. It took us about a year to put it all together. And its board of trustees was established for the purpose of raising money into a permanent trust; that is, a permanent endowment so that the money could never be spent. In other words, the principal could never be used. That had some long-term potential to it as opposed to the fund; **when you put money into the fund, it was gone.**

"When you put money into the endowment, the idea was that, obviously, eventually the endowment would be large enough where the earnings from the endowment would take care of the disabled jockeys. **The endowment was set up as an independent trust** so that the trustees would all be millionaires, people who could afford the luxury of working for the endowment without being compensated in any way. ... We wanted them to provide oversight to it. But not give money. And that's what they've done. **They've raised almost a million dollars so far, and we're pretty pleased about that.**"



**Disabled Jockeys' Fund**  
**Interam Revenue Service Form 990**  
**Return of an Organization Exempt from Income Tax**  
**Summary 1997 thru 2004**

	UNAUDITED							
Year	2004	2003	2002	2001	2000			
	Filed SEP 2004							
	1997--	1998	1999	2000	2001			
Fund Balance beginning of year	\$ 105,071	\$ 440,888	\$ 1,327,083	\$ 1,215,424	\$ 1,011,703	\$ 819,183	\$ 547,087	\$ 431,956
Revenue								
Contributions	\$ 116	\$ 118	\$ 4,100	\$ 195,127	\$ 259,680	\$ 190,064	\$ 180,997	\$ 89,303
Interest, dividends, & gains	\$ 20,357	\$ 13,988	\$ 92,553	\$ 92,478	\$ 113,827	\$ 53,478	\$ 166,749	\$ 62,377
Total Revenue	\$ 20,473	\$ 14,106	\$ 96,653	\$ 287,605	\$ 373,507	\$ 243,542	\$ 347,746	\$ 151,680
Expenses								
Program Services	\$ 100,261	\$ 371,160	\$ 835,815	\$ 168,753	\$ 225,411	\$ 105,376	\$ 80,637	\$ 32,898
Management and general	\$ 4,683	\$ 7,698	\$ 14,359	\$ 25,478	\$ 22,661	\$ 27,987	\$ 34,586	\$ 81,824
Total Expenses	\$ 104,944	\$ 378,858	\$ 850,174	\$ 194,231	\$ 248,072	\$ 133,363	\$ 115,223	\$ 114,722
Excess or (deficit) for year	\$ (84,471)	\$ (364,752)	\$ (753,521)	\$ 93,374	\$ 125,435	\$ 110,179	\$ 232,523	\$ 36,958
Unrealized gain or (loss) on investments	\$ (20,600)	\$ 28,935	\$ (132,674)	\$ 18,285	\$ 78,286	\$ 82,341	\$ 39,573	\$ 409
<b>Fund Balance end of year</b>	<b>\$ -</b>	<b>\$ 105,071</b>	<b>\$ 440,888</b>	<b>\$ 1,327,083</b>	<b>\$ 1,215,424</b>	<b>\$ 1,011,703</b>	<b>\$ 819,183</b>	<b>\$ 469,323</b>
<b>Fund gain or (loss) by value</b>	<b>\$ (105,071)</b>	<b>\$ (335,817)</b>	<b>\$ (886,195)</b>	<b>\$ 111,659</b>	<b>\$ 203,721</b>	<b>\$ 192,520</b>	<b>\$ 349,860</b>	
<b>Fund gain or loss by percentage</b>	<b>-100.0%</b>	<b>-76.2%</b>	<b>-66.8%</b>	<b>9.2%</b>	<b>20.1%</b>	<b>23.5%</b>	<b>74.5%</b>	

**Payments from the Disabled Jockeys' Fund paid to the JOCKEYS' GUILD in 2002.**

Deposit Date	Check	Account Splits as recorded in the Guild's accounting system			memo from Guild's accounting system
		Temp Disability	Perm Disability	Medical Aid	
02/19/02	\$ 64,652	\$ 37,132	\$ 22,637	\$ 5,182	Jan 2002 Reim.fr DJF Trust
03/25/02	\$ 38,385	\$ 31,771	\$ -	\$ 6,614	Feb 2002 Reim.fr DJF Trust
06/24/02	\$ 43,657	\$ 43,657	\$ -	\$ -	MARCH REIMBURSEMENT FROM DJF
06/24/02	\$ 42,710	\$ 30,843	\$ -	\$ 11,867	APRIL REIMBURSEMENT FROM DJF
06/24/02	\$ 36,698	\$ 33,886	\$ 635	\$ 2,177	MAY REIMBURSEMENT FROM DJF
12/17/02	\$ 304,350	\$ 235,802	\$ 3,910	\$ 64,630	REIMBURSEMENT FROM DJF
<b>Total</b>	<b>\$ 530,752</b>	<b>\$ 413,091</b>	<b>\$ 27,182</b>	<b>\$ 90,479</b>	

The Disabled Jockeys' Fund is a federally registered charity owned by the Jockeys' Guild. Prior to 2002, the fund was used only for PERMANENTLY DISABLED JOCKEYS. The Temp Disability amounts are also listed below where the Guild apparently double billed 2 state funds.

**Did the Jockeys' Guild double bill California & Delaware Jockeys' Health & Welfare Funds?**

Month	2002 Jockeys' Guild TEMPORARY Disability Payments to members			Total Guild Disability payments to members	DGF reimbursements to the Guild's Temporary Disability Acct	Difference
	California Jockeys	Delaware Jockeys	Non State Program Jockeys			
Jan	\$ 4,489.47	+ \$ 657.14	+ \$ 31,885.71	= \$ 37,032.32	\$ 37,132.32	\$ (100.00)
Feb	\$ 6,271.43	+ \$ 1,485.71	+ \$ 23,814.27	= \$ 31,571.41	\$ 31,771.41	\$ (200.00)
Mar	\$ 4,785.71	+ \$ 5,257.14	+ \$ 33,714.30	= \$ 43,757.15	\$ 43,657.15	\$ 100.00
Apr	\$ 5,800.00	+ \$ 1,428.58	+ \$ 23,614.30	= \$ 30,842.88	\$ 30,842.88	\$ -
May	\$ 3,728.57	+ \$ 1,057.15	+ \$ 29,099.99	= \$ 33,885.71	\$ 33,885.71	\$ -
Jun	\$ 4,600.00	+ \$ -	+ \$ 21,485.72	= \$ 26,085.72	\$ -	\$ -
Jul	\$ 5,428.57	+ \$ 3,028.57	+ \$ 31,842.85	= \$ 40,299.99	\$ -	\$ -
Aug	\$ 1,400.00	+ \$ 700.00	+ \$ 30,028.58	= \$ 32,128.58	\$ -	\$ -
Sep	\$ 3,971.43	+ \$ 400.00	+ \$ 30,214.29	= \$ 34,585.72	\$ -	\$ -
Oct	\$ 9,654.29	+ \$ 2,600.00	+ \$ 38,485.69	= \$ 50,739.98	\$ -	\$ -
Nov	\$ 8,400.00	+ \$ 2,600.00	+ \$ 40,792.85	= \$ 51,792.85	\$ -	\$ -
Jun-Nov	\$ 33,454.29	+ \$ 9,328.57	+ \$ 192,849.98	= \$ 235,632.84	\$ 235,601.74	\$ (368.90)
Jan-Nov	\$ 58,529.47	+ \$ 19,214.29	+ \$ 334,978.55	= \$ 412,722.31	\$ 413,091.21	\$ (368.90)
Dec	\$ 6,597.43	+ \$ 1,214.29	+ \$ 50,528.55	= \$ 58,340.27		
2002	\$ 65,126.90	+ \$ 20,428.58	+ \$ 385,507.10	= \$ 471,062.58		

**2002 Delaware Jockeys' Health and Welfare Fund**

Disabled and Injured costs	\$20,428.58
Administration Fee (10%)	\$2,042.86
2002 Jockeys' Guild reimbursement	\$22,471.44

**2002 California Jockeys' Health and Welfare Fund**

Disabled and Injured costs	\$ 99,996.00
Administration Fee (10%)	\$ 9,999.60
2002 Jockeys' Guild reimbursement	\$ 109,995.60

In February of 2003 the Jockeys' Guild was reimbursed \$84,501.23 for December's disability expenses from the DJF. The Guild has refused to provide the account splits for the December reimbursement and therefore the amount is not posted.

The irregular intervals between the Disabled Jockeys' Fund payments was due to the Guild's poor accounting practices.

California Guild disability payments are based on 2001 membership eligibility. Access to 2002's membership was not available. The Jockeys' Guild management has refused to provide any further financials.

Mr. WHITFIELD. Mr. Colton, thank you.  
At this time I recognize Mr. McCarron for his opening statement.

**TESTIMONY OF CHRIS McCARRON**

Mr. McCARRON. Thank you, Mr. Chairman.

Mr. Chairman and distinguished members of the subcommittee, thank you for the invitation to participate in this hearing. My career as a professional jockey began in 1974 and continued until I retired on June 23, 2002. During that 28-year period I rode 7,141 winners, the seventh highest among all jockeys, and had purses range of over \$264 million, then the all-time leader. My record includes two Kentucky Derby winners, two Preaknesses, two Belmonts and nine Breeders' Cup winners. Before retiring at age 47, I had the good fortune of winning virtually every major race in North America at least ones.

As you know, Mr. Chairman, I moved to Kentucky to establish a school to train jockeys. It's the first of its kind in this country. Jockeys engage in one, if not the most, hazardous of occupations. You all know that. On-track injuries have left jockeys victims of fatalities and permanently disabling injuries. Over 180 jockeys have been killed in racing or training accidents since the Guild began keeping records in 1940. I'm not sure how many permanently disabled jockeys there are, but it's many.

On a personal note, I broke both my arms and my leg—both my legs and my right arm in a spill in 1990, and as most jockeys would, I considered it just a minor injury. I returned to the races 87 days later with a rod in my left femur and a pin in my arm. Without doubt, as you have seen here today, jockeys have a major incentive to return to work as soon as possible not only because of our temperaments, but because even in the five States which provide worker's compensation insurance, it is very difficult to provide for a family on those weekly benefits.

I joined the Jockeys' Guild soon after I started riding professionally. I've always been an active supporter of efforts to persuade management to provide safe and helpful working conditions. While a jockey, I prevailed on Santa Anita Park to install an audible emergency alert system. I have also endorsed the use of safety rails, complaining to management when hot boxes were unsanitary, endorsed rules to require jockeys to wear safety vests, worked to improve padding inside the starting gate, and served on various committees to examine equine medications.

Jockeys know they face significant dangers every time they mount a horse on the track and that some injuries are inevitable. What is needed is a system of—some system of insurance to provide jockeys and their families appropriate assistance when a serious or catastrophic injury occurs.

I have been actively involved in attempting to achieve that result throughout my tenure with the Jockeys' Guild. I served as an elected member of the Board of Directors for more than 10 years and was elected treasurer in 2001. In 1987, I cofounded the Don MacBeth Memorial Jockey Fund, which assists disabled jockeys and their families. So I am very pleased that the subcommittee is focusing on examining on-track injury insurance and other health and welfare issues.

The regrettable fact is that as of today no such national plan exists. That should be the starting point for your consideration. The fight to provide catastrophic insurance has been complicated and contentious. As Dave Shepherd had already stated, this has frustrated jockeys for many years. As a last result, in late 1994, with the involvement of the Jockeys' Guild managing director John Giovanni, the jockeys decided to conduct a nationwide refusal to ride their mounts on January 11, 1995. As I recall, the track owners persuade—succeeded in persuading the attorney general of Florida to threaten the Guild with a massive antitrust damage lawsuit unless it canceled the planned action. The jockeys were forced to back down. I was among the most unhappy because I believed strongly in the righteousness of our cause.

The jockeys, acting through the Guild, were forced to continue to purchase and pay for out of its treasury both an on-track catastrophic group insurance policy for its members and their families and a group health insurance policy. To meet that financial burden, the Guild, among other things, solicited written authorizations from individual jockeys to license for a fee their media rights to the Thoroughbred Racing Association whose members consisted of numerous racetrack owners. Guild representatives would periodically negotiate an agreement with TRA in exchange for jockeys' media rights for an annual payment to the Guild. For a number of years those agreed-upon payments covered the premium costs of the Guild's two policies; however, in recent years the cost of health insurance soared to record high levels, and the payments the Guild received from the TRA did not keep pace.

Mr. Giovanni recommended that effective April 1, the Guild should—April 1, 2001, the Guild should cease offering health insurance for its members not covered by the California or Delaware health insurance plans. The Guild's nine-member executive committee, of which I was then a member, approved that recommendation. As I recall, members then received a written notice that they would be responsible for their own health insurance. The Guild's \$1 million on-track accident insurance policy continued in full force.

I believe that the Guild's financial problems were partly attributable to the fact that Mr. Giovanni, a former jockey himself and not a professional negotiator, was at a disadvantage when negotiating against the TRA's sophisticated attorneys and financial advisors. For that and other reasons, in the spring of 2001 I thought that Guild members would be better served if the national managing director position was filled by a professional. That is the model I have been told that entertainment guilds in most sports unions have been following for years with great success.

In 1994, I was introduced to Dr. Wayne Gertmenian through my daughter. He was an economics professor at Pepperdine University, and I understood he had significant negotiating experience in handling multimillion dollar international business transactions. In fact, his resume on the Pepperdine Web site states, and I quote, "Dr. Gertmenian served the Nixon and Ford administrations as the chief detente negotiator in Moscow for the Chairman of the National Security Council."

Further, I was impressed with the manner in which he expressed his views, his stated interest in learning about the problems jock-

eyes faced and his stated desire to help us resolve them. This led me to recommend to my fellow committee members that we replace John Giovanni with Dr. Gertmenian.

In early June 2001, a majority of the committee, on a conference call, voted to replace Mr. Giovanni with Dr. Gertmenian. I would like to—at this point in time, I would like to offer a public apology to Mr. Giovanni and his staff for the undeserved and inappropriate manner in which they were treated by Matrix Capital Associates.

Regrettably, I thereafter became dissatisfied with Dr. Gertmenian in several other important respects. First, he continually refused Board member Jerry Bailey's request for his resume. I found Dr. Gertmenian's explanation that confidential information was involved totally unacceptable.

Second, the terms of his contract that Dr. Gertmenian was insisting upon for Matrix Capital were unreasonable.

Third, Dr. Gertmenian's presentations at several jockey meetings I attended demonstrated a bad habit of exaggerating the true nature of the problems jockeys face. I shared many of my reservations with him, but his responses were extremely negative. I also shared my reservations with Board chair Tomey Jean Swan and executive committee member Dave Shepherd.

Bringing Dr. Gertmenian into the mix was the worst mistake I have ever made.

Finally, I am absolutely certain that I did not learn that Dr. Gertmenian had not renewed, effectively canceling, the Guild's on-track catastrophic insurance policy in April 2002 until 2 years later. I learned of it in July 2004 upon reading various articles shortly after Gary Birzer's horrible on-track accident in West Virginia. I was stunned to learn of these circumstances. I know that at no time prior to my resignation from office in June 2002 did the committee take any action to renew that policy, nor did Dr. Gertmenian ever notify the jockeys that the policy had been non-renewed or that they no longer were insured against on-track injuries in those States covered by the policy that had lapsed.

I want to assure the committee that I never would have voted to non-renew that policy. Whatever led Dr. Gertmenian to do so, I believe that he took that action on his own.

Having described this unfortunate turn of events, I have one all-important concern. Please do not lose sight of the fact that there remains a critical need to ensure that jockeys and their families receive the protection against catastrophic injuries they most assuredly are entitled to.

I welcome your assistance in achieving this goal, and I am happy and ready to answer any questions you may have of me.

[The prepared statement of Chris McCarron follows:]

PREPARED STATEMENT OF CHRIS MCCARRON

Mr. Chairman and Distinguished Members of the Subcommittee: Thank you very much for inviting me to participate in this hearing. I am appearing on my own behalf. As my attached resume describes, my career as a professional jockey began in 1974 and continued without interruption (with the exception of several injury recovery periods) until I retired on June 23, 2002. During that 28-year period I rode horses at numerous major and minor race tracks throughout the United States (including Maryland, New York, New Jersey, Delaware, and California) and North America. Among the accomplishments of which I am most proud, as of my retirement date, I had ridden 7,141 winners (the 7th highest among all jockeys) and had

purse earnings over \$264 million (then the all-time leader). Horse-racing fans would appreciate that my record includes two Kentucky Derby winners, two Preaknesses, two Belmonts, six Triple Crown wins in total, and nine Breeders' Cup winners. Before retiring at age 47, I had the good fortune of winning virtually every major race in North America at least once.

Since my retirement, I have remained actively engaged in the unique world of horse racing. As you know Mr. Chairman, I am currently involved in the exciting and challenging process of establishing a school to train jockeys in Lexington, KY—a first of its kind in the United States.

Based on my personal experiences as well as a simple look at the statistics, I am acutely aware that professional jockeys engage in one of—if not the—most hazardous occupations. This should not come as a surprise to anyone. I fully expect that each member of the Subcommittee and the general public recognizes this reality. On-track injuries incurred during the course of employment have left jockeys the victims of fatalities (over 100 jockeys have been killed as a result of a racing or training accidents since the Jockeys Guild of America began keeping records in 1940, at an average of two per year), permanently disabling injuries (there are currently over fifty permanently disabled jockeys), and a disturbingly long list of serious injuries that have had both short-term and cumulative effects on virtually every bone in their bodies. According to a study conducted by and recorded in the Journal of the American Medical Association in the late 1990's, jockeys experienced on a nation-wide basis 35 accidents per week. That's 1,820 per year reported to the first-aid rooms at tracks around the country. The injuries range from minor to permanently disabling catastrophes. To provide a perspective with regard to how most jockeys have viewed the degree of their injuries, I broke both my legs and my right arm in a spill in 1990 and considered it just a "minor" injury. I knew I would be back riding and, in fact, I returned to the races only 87 days later with a rod in my left femur and a pin in my arm. Like most jockeys, I am very impatient when it comes to returning to the saddle after an injury, for two reasons: First, because we are not earning any income to support our families; and second, because we hate to see our mounts ridden by others. Additionally, there are only five states (California, New York, New Jersey, Maryland and Idaho) that have laws requiring owners and/or trainers to provide worker compensation insurance for jockeys. And even where such coverage applies, the reality is that it is very difficult to care for a family on the weekly compensation provided by such coverage. Consequently, jockeys have a major incentive to return to work ASAP.

I joined the Jockeys Guild soon after I started riding professionally. Throughout my career, I have been actively involved in supporting efforts on behalf of myself and fellow jockeys to persuade management to provide more safe and healthful working conditions, i.e. endorsing the implementation of safety rails, being involved in judging unsafe track conditions, complaining to management when our "hot boxes" (steam rooms) are unclean and unhealthful, endorsing a requirement that jockeys wear safety vests while riding, and improving the padding inside the starting gate. Jockeys are not stupid. They know they face inherent dangers each time they mount a horse to participate in a race.

Experience shows that, to the extent these dangers cannot be completely eliminated, serious injuries—some catastrophic—will continue to occur periodically. In those instances, some system of insurance must be in place to provide jockeys and their families appropriate assistance in their times of dire need. In this vein, I have also been actively involved in attempting to achieve that result for my fellow jockeys during my tenure first as a member and later as an officer of the Jockeys Guild of America. (I was elected to the Board of Directors in the early 1980's, re-elected to the Board in 1998 or 1999, and then elected Treasurer in 2001.) An example of my commitment to this cause is that in 1987 I co-founded, with my wife Judy and actor/comedian Tim Conway, the Don MacBeth Memorial Jockey Fund, which financially and emotionally assists disabled jockeys and their families. We have raised over \$2 million to date and assisted over 1,600 jockeys.

So, I am especially pleased that a major focus of the Subcommittee's attention involves "Examining On-Track Injury Insurance and Other Health and Welfare Issues." The lack of a national on-track accident plan should be the starting point for your investigation and consideration. The Subcommittee may find it hard to believe that as of today no such plan exists. That is, however, the regrettable fact.

Now let me offer some background information to assist you in understanding "why" none exists. The fight to provide jockeys and their families adequate catastrophic insurance for on-track injuries has proven to be complicated and contentious. In plain words, management—race-track owners, horse owners and trainers—has refused to a great degree to accept the responsibility for providing such insurance. For many years this has frustrated me and my fellow jockeys. Our level of

frustration reached a peak in late 1994. After ongoing discussions among jockeys and with the involvement of the Guild, through then National Managing Director, John Giovanni, the jockeys decided as a last resort to conduct a nation-wide refusal to ride their mounts on January 1, 1995. Our objective was to call the public's attention to our plight and specifically to pressure race-track owners to provide the revenues necessary to finance the cost of on-track insurance coverage for jockeys and their families. As I recall, shortly before the scheduled work stoppage the track owners succeeded in persuading the Attorney General of Florida to threaten the Guild with a massive anti-trust damage lawsuit unless it cancelled the planned action. Mr. Giovanni then advised the Guild officers that we were facing a perilous situation and the decision was made to call off the event and ride our mounts on that date. I was among the most resistant and the most unhappy because I believed strongly in the righteousness of our cause.

What this meant was that the jockeys, acting through the Guild, were reduced to purchasing and paying for (out of the Guild's treasury) both an on-track catastrophic group insurance policy for its members and their families and a group health insurance policy. To meet the resulting financial burden, the Guild, among other things, solicited and obtained written authorizations from individual jockeys to license for a fee their "Media Rights" (publicity rights to our faces, pictures, images and names) to the Thoroughbred Racing Association ("TRA"), whose members consisted of numerous race-track owners. In turn, Guild representatives would periodically negotiate an agreement with TRA representatives with the goal of exchanging the jockeys' media rights for as large an annual payment to the Guild as possible. For a number of years those agreed-upon payments from the TRA were sufficient to cover the premium costs of the two major policies obtained by the Guild.

However, in recent years, the cost of health insurance soared to record high levels and the payments we received from the TRA did not keep pace. From 1998 to 2000 the gap between the negotiated payments obtained from TRA and premium costs became larger and larger.

This ultimately resulted in a recommendation from National Managing Director, Mr. Giovanni, that effective April 1, 2001, the Guild should cease offering health insurance for active members not covered by the California or Delaware insurance plans. The nine-member Executive Committee of the Guild (of which I was then a member) approved that recommendation, that group policy was cancelled, and, as I recall, members were notified in writing that they would thereafter be responsible for obtaining and paying for health insurance for themselves and their families. The fact that the Guild cancelled that policy had no effect on its \$1 million on-track accident insurance policy which continued in full force.

It was my judgment that the financial problem which caused the Guild to cancel the health policy was, in large measure, attributable to the fact that Mr. Giovanni, a former jockey himself and not a professional negotiator, was at a major disadvantage when conducting negotiations against the TRA's sophisticated attorneys and financial advisors. In particular, I was dissatisfied that Mr. Giovanni failed to prevail upon the TRA to finance the increasing premium costs of the Guild's policies.

For that and other reasons, in the spring of 2001, I made the judgment that Guild members would be better served if the National Managing Director position was filled by a professional. That is the model, I have been told, that the entertainment guilds and most sports unions have been following for years.

In 1994 I was introduced to Dr. Wayne Gertmenian through my daughter. I was aware that he was an Economics Professor at Pepperdine University and I understood that, as well, he had acquired significant negotiating experience in handling multi-million dollar international business transactions. His resume on Pepperdine's website states: "Dr. Gertmenian served the Nixon and Ford administrations as a chief detente negotiator in Moscow for the chairman of the National Security Council, as an emissary to Teheran for the Secretary of Commerce, and as a special assistant to the Secretary of Housing and Urban Development. Today, he is a distinguished professor at two universities in China and advises Russian leaders on a free market economy." Further, based upon a number of informal discussions, I was impressed with the articulate, confident manner in which he expressed his views, his stated interest in learning about the problems jockeys face, and his stated desire to help us resolve them. This led me to recommend to my fellow Executive Committee members that we replace John Giovanni with Dr. Gertmenian.

During the course of an Executive Committee conference call meeting in early June 2001 we discussed the question whether to replace Mr. Giovanni with Dr. Gertmenian. A number of Mr. Giovanni's supporters disagreed with my position but ultimately a majority of the Committee voted to replace Mr. Giovanni with Dr. Gertmenian. To conduct the broad spectrum of administrative, financial, and record-keeping functions that the Guild staff performs on a daily basis, Dr. Gertmenian

hired and utilized the services of employees of Matrix Capital Associates, Inc., an organization he established. The staff worked out of the Guild's headquarters in Lexington, Kentucky until the Guild moved to Monrovia, California in late 2002.

Commencing several months after Dr. Gertmenian assumed his duties, I became dissatisfied with his actions in several important respects. First, I was unable to understand why he continually refused fellow Board member Jerry Bailey's request that he provide a comprehensive resume detailing his credentials and his career activities. I found Dr. Gertmenian's explanation that confidential information was involved totally unacceptable. Second, I became concerned that the fees Dr. Gertmenian was insisting upon in his contract with the Guild covering services to be rendered through Matrix Capital were unreasonably high. In my capacity as treasurer, I prevailed upon him to make certain adjustments but, in retrospect, they should have been more extensive. Third, Dr. Gertmenian's presentations at several jockey meetings I attended were troubling to me. He had a bad habit of exaggerating his credentials and his ability to achieve the jockeys' goals. Thus, at least as early as the time that I retired as a jockey and resigned as Guild Treasurer (June 2002), I had serious reservations about Dr. Gertmenian. I had shared many of my reservations with him but his responses to me were extremely negative, to say the least.

Next, I want to state with absolute certainty that I did not learn that Dr. Gertmenian had non-renewed (effectively canceling) the Guild's on-track catastrophic injury policy in April 2002 until two years later. Specifically, I first learned of the non-renewal upon reading various articles shortly after Gary Birzer's horrible on-track injury in West Virginia in July 2004. I was stunned to learn of these circumstances. I know that at no time prior to my resignation from office in June 2002 did the Committee take any action to non-renew that policy. I want to assure the Subcommittee that I never would have voted to do so. The only conclusion that I can offer, without knowing what led Dr. Gertmenian not to renew the on-track insurance policy, is that he did so on his own.

Having described this unfortunate turn of events, I have one all-important concern: I would implore the Subcommittee not to lose sight of the fact that there remains a critical need to take all appropriate steps to ensure that jockeys and their families receive the requisite catastrophic insurance they most assuredly are entitled to. I welcome your assistance in achieving this worthy goal.

Mr. WHITFIELD. Mr. McCarron, thank you, and I want to thank all of the witnesses for your testimony.

Obviously, there are a lot of issues out there that we are considering for the macro health and welfare of the jockeys in the future. Is there anything that can be done at the Federal level to assist in that, to the micro aspects of trying to determine precisely what happened to a fellow like Gary Birzer, who thought he had insurance for on-track accidents and then realized that he didn't.

And Mr. Giovanni, I would like to start with you because you were the previous national manager of the Jockeys' Guild. And it's my understanding that in, I guess, April 2001, you took out a policy for on-track injuries that had already been determined by your Board or by the appropriate body that you were not going to be able to afford the family health policy or the off-track policy and the on-track policy, that you would only do one; and your Board made the decision to maintain the on-track policy for catastrophic injury. Is that correct?

Mr. GIOVANNI. Somewhat. If I may, sir, the Jockeys' Guild has always negotiated with the racing associations, and the racing associations provided the first \$100,000 worth of coverage anytime there was an accident on track.

What we did was—through our negotiations we also received dollars from the racing associations that we put into a special fund. Those dollars were used to offset the costs for health insurance, and the health insurance plan picked up all of the costs of any of our members who had an injury on track, and it went beyond the first \$100,000 that was provided by the track.



So our health insurance did two things: It protected the families, and it also protected the jockey who was injured on track and his expenses went beyond \$100,000.

In the year 2000, as Mr. Bailey alluded to, we lost some money in the stock market. It was a bad year; we had a number of injuries that went over \$100,000—we had one in particular; it was over \$600,000—and we had a bunch of health claims from the members.

We got hit with a 43 percent increase for the health coverage. We couldn't afford it, so after a number of meetings with the executive committee, what we decided to do was to take the money that we would normally buy the health insurance with and buy a policy that would protect the jockeys when they were working on the racetrack so if anything happened, they would be covered for a million dollars, at least, in medical.

We took everybody and put them on COBRA. We sent them all letters and notified them that they were eligible for COBRA, what to do, how to do it; and this way they could make payment directly to Union Labor Life Insurance Company—

Mr. WHITFIELD. And that was for the family policy?

Mr. GIOVANNI. Yes, sir. And they could pay directly and keep the coverage for at least 18 months. In the meantime, I felt that would give us an opportunity to try to renegotiate another plan, and everybody would be covered.

Mr. WHITFIELD. Okay, so everyone was covered with this on-track policy. And do you recall what the premium was for that policy?

Mr. GIOVANNI. The premium was \$443,000.

Now this plan covered all of the jockeys who were riding—who would ride in a State that was not covered by Worker's Compensation. And it did not—and it was a patchwork, sir, because—

Mr. WHITFIELD. Four States did Workmen's Comp, correct?

Mr. GIOVANNI. Yes. Because there were other—two States that we received funding from, we lobbied in California and Delaware and received funding from those States. In those States the jockeys did not lose their health insurance coverage; they were able to keep that. And that plan also covered them when they fell on a racetrack and the expense went beyond \$100,000.

So the million dollar policy covered them if there was no coverage by the on-track—by the health insurance program or by Worker's Compensation.

Mr. WHITFIELD. So you had Workman's Comp in four States, and you had Delaware and California in this special deal?

Mr. GIOVANNI. That's correct.

Mr. WHITFIELD. And the policy was \$443,000 a year?

Mr. GIOVANNI. Yes, sir.

Mr. WHITFIELD. And at that time, when you were the national manager, how many mounts did a jockey have to have per year to be eligible to be a member of the Guild?

Mr. GIOVANNI. They had to ride 100 a year. If they failed to ride 100 horses a year for 2 consecutive years, then we put them on the retired list. They were no longer—we considered them no longer an active member.

Mr. WHITFIELD. They had to have 100 a year?

Mr. GIOVANNI. Yes, sir. If they failed to ride 100 for 2 consecutive years, then they were retired. But if they were injured and their injuries would extend 6 months or more, they were forgiven that year. So—

Mr. WHITFIELD. Now, how much would you say you received each year, at the time you were there, from the racetracks, in dollar amount?

Mr. GIOVANNI. I believe it was \$2.2 million.

Mr. WHITFIELD. And then how much roughly were you receiving in dues from the jockeys themselves?

Mr. GIOVANNI. About the same amount, maybe a little more.

Mr. WHITFIELD. That is 2.2?

Mr. GIOVANNI. Yes, sir.

Mr. WHITFIELD. Now, Mr. Shepherd made a comment in his opening statement that as your tenure was coming to an end at the Jockeys' Guild, the Jockeys' Guild was basically bankrupt; is that true?

Mr. GIOVANNI. No, sir.

Mr. WHITFIELD. What was the state of the Jockeys' Guild at that point?

Mr. GIOVANNI. What we did was, when we couldn't afford the health insurance, we restructured the mount fees, and everybody went from an \$8 member to a \$3 member. When I say \$8 member, we used to collect \$8, \$5 came to the Jockeys' Guild and \$3 went into a savings account in each individual jockey's name. And what we did was, we reduced it to strictly \$3; that's all they had to pay, and that leveled us off—

Mr. WHITFIELD. What were the assets at the time you left?

Mr. GIOVANNI. I think there was \$1.6 million in a stock portfolio, stock account with—I'm trying to think, Manhattan—

Mr. WHITFIELD. Amalgamated?

Mr. GIOVANNI. No, sir.

Mr. WHITFIELD. All right—

Mr. GIOVANNI. First Manhattan. There was \$1.6 million there, there was \$1.3 million in the Disabled Jockey Fund that was separate and distinct; but that's \$2.9 million right there.

Mr. WHITFIELD. So from your perspective it was not close to bankruptcy?

Mr. GIOVANNI. No, sir. We had rearranged things, but we were not bankrupt.

Mr. WHITFIELD. Okay, okay.

Now, one of the key points that we were looking at—as I said, we're looking at some macro issues. But one of the microissues relates to the actual decision to allow the policy that you all continued on the track, which was set to expire March 31, 2002—who made the decision to allow that policy to lapse or to not renew that policy?

Mr. GIOVANNI. I don't know, sir, I can't answer that question. In 2001, in June, I paid for the program, the program was paid for—

Mr. WHITFIELD. Now, in tab 85, which you probably do not have—there is the binder. Tab 85 is a tab that is a legal action between Mr. Edwin King and Gary Donahue versus the Jockeys' Guild. And on page 5 of that legal document, question 6, this was

an interrogatory or deposition taken of Dr. Gertmenian, and it says, "List the name and title of each individual who was involved in any way in the decision to allow the policy of insurance referenced"—that is, the on-track policy—"to lapse in 2002." And the response—and this was, of course, under oath—was given by Dr. Gertmenian. And his answer here is that the decision was made by the defendant, the Jockeys' Guild Board of Directors.

Is that what your document says there?

Mr. GIOVANNI. Yes, sir, it does.

Mr. WHITFIELD. Now, I understand we have with us today three members of the—who were members of the Board of Directors at that time. One is Mr. McCarron.

Is that true, Mr. McCarron, were you a member of the Board of Directors at that time?

Mr. MCCARRON. Yes, sir, I was.

Mr. WHITFIELD. And Mr. Colton, were you a member of the Board of Directors at that time?

Mr. COLTON. Yes, sir, I was.

Mr. WHITFIELD. Ms. Swan, were you a member of the Board of Directors at that time?

Ms. SWAN. Yes, I was.

Mr. WHITFIELD. Was there a meeting of the Board of Directors during that timeframe to discuss whether or not that policy would be allowed to lapse or be renewed or whatever?

Ms. SWAN, what about it, was there a meeting of the board?

Ms. SWAN. I don't remember that. I remember we had a lot of meetings where we discussed the problems with the health insurance and—

Mr. WHITFIELD. Yes, but my question is, was there a meeting of the Jockeys' Guild Board of Directors to discuss this one issue about allowing the policy to lapse or whether to renew it or what to do about it? And did you vote on it?

Ms. SWAN. I don't remember.

Mr. WHITFIELD. You don't remember?

Ms. SWAN. I don't remember.

Mr. WHITFIELD. Okay. So you don't remember the meeting. And do you remember voting on it?

Ms. SWAN. I don't.

Mr. WHITFIELD. You don't.

Mr. Colton, was there a meeting?

Mr. COLTON. Not to my recollection, sir. The only knowledge I had of it was at the 2001 assembly where there had been discussion.

Mr. WHITFIELD. So did you vote on this?

Mr. COLTON. There was no vote there.

Mr. WHITFIELD. And, Mr. McCarron, what about you?

Mr. MCCARRON. No, Mr. Chairman, I never voted on that. I never would have voted on that.

Mr. WHITFIELD. And did you ever attend a meeting of the Board for the purpose of taking this issue up?

Mr. MCCARRON. No, sir. There was no such meeting, to my knowledge.

Mr. WHITFIELD. So we have three members of the Board of Directors here, and I'm assuming that you all would have been advised,

as members of the board, if there was a meeting of the Board to discuss this issue; is that correct?

Mr. McCARRON. Yes.

Mr. WHITFIELD. Now, who would have the authority to make that decision without the board's approval?

Mr. McCarron, do you know?

Mr. McCARRON. I don't know off the top of my head. I would have to review the bylaws of the Guild, which actually were changed when Dr. Gertmenian took over.

Mr. WHITFIELD. Okay.

Ms. Swan, you're still with the—you work at the Jockeys' Guild now; is that correct, Ms. Swan?

Ms. SWAN. Yes, I'm vice chairman. And it's Swan, sir.

Mr. WHITFIELD. I'm sorry, Ms. Swan.

Do you have access to any Board meetings in which that decision was made in your possession?

Ms. SWAN. I know that we did discuss it extensively, the health and the catastrophic, at the 2001 Board meeting; but to answer your question—

Mr. WHITFIELD. Are there any minutes to that meeting? Do you have minutes to that meeting?

Ms. SWAN. We would have to check with the Guild office.

Mr. WHITFIELD. Well, we've asked for those minutes.

Ms. SWAN. The 2001 meeting you're talking about? You're talking about the 2001—

Mr. WHITFIELD. The meeting in which the decision was made to drop the policy.

Ms. SWAN. No, I don't know.

Mr. WHITFIELD. Okay, okay. My time has expired.

I recognize the gentleman from Michigan, Mr. Stupak.

Mr. STUPAK. Thank you, Mr. Chairman.

And thank you, all the witnesses, for being here. I'm sorry I've been in and out—have a number of other things going on today, but this is a very important hearing.

Mr. Giovanni, I understand that when you were there and when you left—I want to make sure that I've got this straight. Until March 31 there was an insurance policy covering the jockeys for any kind of on-track accident; is that correct?

Mr. GIOVANNI. Yes, sir, for \$1 million.

Mr. STUPAK. Correct. And then you were ousted before the expiration of that policy?

Mr. GIOVANNI. It went into effect on April 1, 2001, and I was ousted on June 15, 2001.

Mr. STUPAK. And that basically was a 2-year policy?

Mr. GIOVANNI. It was a 1-year policy.

Mr. WHITFIELD. Okay. So it went to March 31, 2001?

Mr. GIOVANNI. 2001 to 2002. I'm sorry, to March 31, 2002.

Mr. STUPAK. Got it.

Let me ask, Mr. McCarron, were you aware that the policy expired on March 31, 2002?

Mr. McCARRON. No, sir, I was not aware of that.

Mr. STUPAK. How about you, Mr. Colton?

Mr. COLTON. No, sir, I was not aware of that.

Mr. STUPAK. How about you, Ms. Swan, were you aware that the policy would expire on March 31, 2002?

Ms. SWAN. I knew that our policy was going to expire. I wasn't sure of the date.

Mr. STUPAK. Okay. You knew it was going to expire, but you didn't know the date. Did you bring it to anyone's attention that this policy was due to expire sometime in 2002?

Ms. SWAN. We did discuss it at the 2001 Board meeting.

Mr. STUPAK. So it went through March 31, 2002, right?

Ms. SWAN. I'm sorry, I can't—

Mr. STUPAK. The policy of \$1 million—for \$1 million for the jockeys' on-track injuries expired March 31, 2002. In your capacity as a member of the Board did you make any—did you tell anyone this policy was going to expire, we have to do something with it?

Ms. SWAN. At the 2001 meeting we discussed it. We discussed the absence of the health insurance and this catastrophic policy, and we did know that it was going to expire.

Mr. STUPAK. Okay. You knew it was going to expire.

Ms. SWAN. On what date I'm not sure, but we did know it was going to expire and that we were trying to do something to put something different in place.

Mr. STUPAK. What was the direction of the Board then, if the Board knew it was going to expire and you discussed it, what was the direction of the Board to get replacement insurance for these jockeys?

Ms. SWAN. We directed Dr. Gertmenian's team to do what he could to get it done, and also that—in my recollection, the No. 1 priority at that time was the health insurance. Everybody was freaking that we did not have health insurance for our families. Keep in mind that even though there was COBRA offered to us by Mr. Giovanni, most riders could not afford to get it. Most riders were without health insurance for themselves and their families.

Mr. STUPAK. Correct. Most people cannot afford the COBRA even though they're offered it.

Ms. SWAN. They couldn't.

Mr. STUPAK. You said Dr. Gertmenian and his team, what did you mean by Dr. Gertmenian and his team?

Ms. SWAN. I consider all the people that—he has a lot of connections, he was able to get our health insurance back for us. By his team, I mean everybody that he uses to help get things done for the jockeys.

Mr. STUPAK. Okay. You hired Dr. Gertmenian, and then you hired a company called Matrix, is that correct, the Board did?

Ms. SWAN. Yes, sir.

Mr. STUPAK. Why would you hire two different entities, Dr. Gertmenian and Matrix? What was the purpose—

Ms. SWAN. Dr. Gertmenian—

Mr. STUPAK. What was the purpose of each? What was Dr. Gertmenian's job and what was Matrix's job?

Ms. SWAN. It's pretty much the same thing as when we had Mr. Giovanni in place. He had attorneys, staff hired, everybody hired. We included this all in one package, the Matrix team, and we were shown that it was equivalent to what we were currently paying.

Mr. STUPAK. So on those insurance policies then, that you knew were going to lapse, was it Dr. Gertmenian's and his team's responsibility to keep them in place or to find a successor insurance? What was your understanding?

Ms. SWAN. We were hoping to find a successor insurance. Can you hear me?

Mr. STUPAK. Yes, I can. You were hoping to. Did you ever find a successor insurer?

Ms. SWAN. For the catastrophic?

Mr. STUPAK. Yes.

Ms. SWAN. No, sir.

Mr. STUPAK. Mr. Colton, is that your recollection?

Mr. COLTON. Yes, sir.

Just expanding a little bit on what Matrix's purpose was, we were given some extensive documentation at one time. It had several resumes. A lot of them had taught, but had a lot of their business experiences in it.

It was our understanding that it had 11 attorneys on there; everybody had more letters than what was in the alphabet. And everybody was MBAs or whatever area that we would need their expertise in; they would be brought on board, and we would be able to—basically he would negotiate the fees between them and we could get things done cheaper and more in unison.

Mr. STUPAK. Okay. Can you relate to us, Mr. Colton, the sequence of your discussions with Dr. Gertmenian about the on-track policy and the insurance policy? I mean, you were all concerned that it was going to lapse, and you had discussions. And then what happened?

Mr. COLTON. Well, first of all, a lot of us were still riding full-time, so there wasn't an enormous amount of contact between us and the office.

Mr. STUPAK. But if you are riding, you would be more sensitive to a lapse of a policy.

Mr. COLTON. Yes. But when you are riding, it was 7 days a week, 8-10 hours a day. And that was definitely a fault of mine personally—I can't speak on behalf of the other Board members—failure of my fiduciary responsibility.

Mr. STUPAK. When did you realize that that had expired?

Mr. COLTON. Sometime when I actually saw a letter that Albert Fiss had been given was, I believe, when I had started working for the Guild.

Mr. STUPAK. When was that?

Mr. COLTON. Would have been in January 2003.

Mr. STUPAK. So you saw it in your capacity as working for the Guild? You never saw it as a jockey?

Mr. COLTON. No, I was never notified.

Mr. STUPAK. Do you know if any the jockeys ever received notice of expiration?

Mr. COLTON. To my knowledge, no written was ever—no knowledge that I know of.

Mr. STUPAK. Mr. Bailey, could you explain a little bit about the sequence of your discussions with Dr. Gertmenian about the on-track insurance policy?

Mr. BAILEY. Yes.

In May—actually, it was June; it was right around the Belmont Stakes of 2002. The Guild management team traditionally comes to town, whatever major race is running, and it was the Belmont Stakes that week and they were in town for more than 1 day.

And it had come to my attention that week that there was a rider in Louisiana who had been injured, had gone over the \$100,000 mark and was on the hook for the bills himself. And I thought that very strange; in fact, I didn't think it could be true because I was sure that we still had an on-track accident insurance in place.

So as soon as I saw Dr. Gertmenian, I asked him about it, and he said, Of course, it's in place. So I thought about it that night and I asked him the next day in a way that suggested that I had made a phone call and knew differently; and he said, No, no, no, you're right, I checked on it, and it's not in place. He said, John Giovanni canceled it.

Well, I came to find out much later that John Giovanni couldn't have canceled it because he wasn't even in power for the Guild at that time.

He also told me, he said, after he told me that Giovanni had canceled it, he was working on getting it restored. Those were his words; he said, "We're working on it."

Mr. STUPAK. Does anyone on this panel—I know some of you are jockeys, some of you are not. Were any of you ever given notice of the expiration of this on-track insurance policy?

Mr. BAILEY. I wasn't. And I was at a higher level than most when this regime took over, and I wasn't notified, either officially or unofficially.

Mr. STUPAK. Anyone else care to comment?

Mr. Shepherd.

Mr. SHEPHERD. At the time it was about to come to a close—it would have been in March—we knew.

Mr. STUPAK. March of 2002?

Mr. SHEPHERD. I was aware of what it was because I had been a senator for just a few months, I really wasn't in a position where I should have known anything other than ask a lot of questions.

But the first person to tell me that it was going to expire, and that it was not a good policy, and that we would be much better served by spending the money—the money would be much better spent if we got health insurance for our families as opposed to getting the catastrophic on-track insurance was Robert Colton in a phone call. And that was the first official person that mentioned we were gonna lose it.

I mean, but I knew it. And that was all the talk of the assembly when we was in Austin was everybody was saying, We've got this policy. But everybody—the ones that were interested enough to show up at the assembly, everybody—I never heard a single person make a single stand or a single argument for keeping the on-track accident. We all knew that we were taking a risk—

Mr. STUPAK. When was the assembly?

Mr. SHEPHERD. In 2001, in December.

Mr. STUPAK. And your policy was still in effect until—

Mr. SHEPHERD. Well, we lost our health insurance the end of March, so this had been put in place in the first part of April, it

was a 1-year policy. So when we lost our health insurance, we were going to lose—the catastrophic insurance was going to be due in 1 year.

Mr. STUPAK. I'm sure you and others expected your Board to keep the policy alive.

Mr. SHEPHERD. Well, you had a choice to make. You had X amount of dollars. We're here to talk about all the money that was available in the Guild, but when you go back and look at the books, a lot of the money that they're claiming were assets were accounts receivable, as in the money that was owed by Mountaineer Park, about a half of \$1 million at that point in time for our media rights that we never received. So you've got to compare apples to apples.

Mr. STUPAK. I heard Mr. Giovanni say, on behalf of the earlier questions from the chairman here, that there was about \$2.2 million from the TV and then \$2.2 million from cash from the jockeys, so I would not call that accounts receivable. It sounds like about \$4 million a year was going into this Guild.

Mr. SHEPHERD. How much money was billed out to each one of these tracks? And then how there is a bunch of tracks that don't pay that money. Check the amount of money that Mountaineer has ever paid to the Jockeys' Guild is zero.

Mr. STUPAK. Mr. Giovanni, you look like you want to expand on that point.

Mr. GIOVANNI. That's correct, there are some racetracks that do not pay. Mountaineer Park was one of them. But the figure of \$2.2 million is actual cash that came into the Jockeys' Guild from the racing associations that did pay.

We also used the fact that Mountaineer Park did not pay the media rights fees to go and lobby before the legislature in West Virginia and got \$250,000 earmarked specifically for the jockeys, for health and welfare, none of which was ever collected when I left.

Mr. STUPAK. My time is up, but the point being that you all knew this thing was going to expire, and from what I'm taking from this panel and the testimony that's been given today, no one really knew it was expired. Assumptions were sort of made, and I guess when we assume, that's when problems occur.

Mr. WHITFIELD. Thank you, Mr. Stupak.

At this time, I recognize the chairman of the full committee, Mr. Barton of Texas.

Chairman BARTON. Thank you, Mr. Chairman. I want to say at the outset that I appreciate what you're doing and what Congressman Stupak is doing on the minority side to bring this before the Congress and the American people. It's a travesty that we even have to have this hearing.

I'm not as familiar with particulars as those two gentlemen. I chair the full committee, and I've been working on energy policy and health care policy and telecommunications policy, but I have followed it and I have been briefed. But just for the record, I'm going to ask a few basic questions to help me and maybe help anybody who is watching this on television. And I'm going to ask these questions to Mr. Giovanni because you were the former manager.

My first question is, what is your current occupation, if any?



Mr. GIOVANNI. Right now I work for an agency in Cocoa Beach, Florida. I sell life insurance, health insurance, Blue Cross and Blue Shield of Florida.

Chairman BARTON. So you're not directly associated with the racing industry at this point in time.

Mr. GIOVANNI. No, sir, I'm not. When I was ousted, I sort of left under a cloud, and it made it very difficult for me to find any type of employment in the industry.

Chairman BARTON. I'm not casting aspersions—

Mr. GIOVANNI. No, sir. You asked me, I'm telling you what it is.

Chairman BARTON. What entity, if any, gives the Jockeys' Guild its authority to collect fees and to provide insurance and other benefits for the jockeys? Who empowers them?

Is there national thoroughbred racing association that has a collective bargaining agreement, or do they certify State by State? What gives that entity the legal authority to do what they do?

Mr. GIOVANNI. That's a good question. We are not a union, we are a social welfare organization, and recently—well, several years ago the IRS awarded us 505 status. We are a labor organization, but we're not a union.

We negotiated on behalf of our members with the different organizations involved with racing. We met with the TRA every year or 2 years and negotiated a contract with the TRA. We traded—when a jockey would join the Jockeys' Guild, he would sign over his media rights to the Guild. We would, in turn, trade them to the racing associations so they could simulcast, whatever, and we would receive dollars in return for that.

As far as safety standards and all are concerned, we had to deal with 38 different States and 38 different racing commissions. My first step in doing anything like that would have been to first approach Racing Commissions International, which is an association of the different racing commissions around the country—in fact, the world—get them to adopt something, and then have to go State by State to get the States to adopt it.

Chairman BARTON. Of course, I'm 56 years old and I'm 6 feet tall and I weigh over 250 pounds so there is no way I could ever be a jockey. But let's assume I was 5'2" and weighed 100 pounds and was 18 years old and born on a ranch and it is just as natural as breathing for me to ride a horse, and so I want to be a jockey.

Do I have to join the Guild to get to be a jockey?

Mr. GIOVANNI. No, sir. You have to be licensed. And the process—

Chairman BARTON. Does the Guild do that licensing?

Mr. GIOVANNI. No, sir, that's done by the State Racing Commission. Every State has their own commission; they are appointed by the Governor.

Chairman BARTON. So the State Racing Commission licenses me to be a jockey.

I then realize that I can't afford any benefits on my own, so I'm willing to join—what do I have to do to join the Jockeys' Guild?

Mr. GIOVANNI. You have to be licensed. And to maintain licenseship you have to ride 100 horses a year, unless you're injured, and then that's forgiven.

If you fail to ride 100 a year for 2 consecutive years—when I ran it, I don't know what the situation is now. I don't know what they have to do to maintain membership now, but they had to be licensed, in good standing—

Chairman BARTON. I've got that. But now let's assume I do all that and I want to be a member of the Jockeys' Guild, I assume I have to pay some money to do that?

Mr. GIOVANNI. Yes, sir.

Chairman BARTON. And when I come to you or the track representative or the—however you're organized, the Guild is organized, they say, Mr. Barton, let's see your license to ride in Texas. And I show them that.

And let's see the record, and I show them that.

And let's see your checkbook, and I show them that.

And let's make sure your check is good, so you call and it's good.

What do you tell me I get for paying that? Am I told that I've got a catastrophic insurance policy if I join the Guild?

Mr. GIOVANNI. I don't know what it is now, but when I was there, yes.

Chairman BARTON. So when you were there, you were told that?

Mr. GIOVANNI. Yes.

Chairman BARTON. Now, the Guild gets its dues and its standing because jockeys that are licensed collectively decide they need a representational body and they join. They think they're going to get some benefits, one of which historically has been a catastrophic health benefit.

In turn, the Guild goes to the various State racing associations and different tracks and says, We are the Jockeys' Guild, we represent all these jockeys; we want you to sign some sort of an agreement with us. Is that correct?

Mr. GIOVANNI. Yes, sir.

Chairman BARTON. And part of that agreement has been, historically, if you pay us this money and you pay us these media fees, we will provide a catastrophic health insurance policy; is that correct?

Mr. GIOVANNI. Well, the money is earmarked specifically for health insurance which is contained in the clause that would cover them on track.

Chairman BARTON. So I now kind of understand the basic premise.

Now, what happened is in the murky past, either while you were still the national manager or right after, the money that was going to provide the premiums for the catastrophic health insurance stopped being paid; is that a fact?

I mean, have we—

Mr. GIOVANNI. We received an increase in premium when it came time to renew of 43 percent; we received a premium increase the year before for 23 percent; and I think it was 17 or 18 percent the year before that. So in the last 3 years previous to the 2001 renewal we had about an 80 percent increase in premium, and that was because of all of the claims and some of the injuries that went over \$100,000 dollars.

Chairman BARTON. So while you were still the national manager, it was your understanding and your direction that the policy remain in effect; is that correct?

Mr. GIOVANNI. Yes.

Chairman BARTON. Okay. But you left under bad circumstances?

Mr. GIOVANNI. Yes, sir.

Chairman BARTON. Okay. And this new management team that—Dr. Gertmenian came in, and while it's in dispute, they apparently let that policy lapse; is that correct?

Mr. GIOVANNI. Yes, sir.

Chairman BARTON. But the jockeys didn't know that?

Mr. GIOVANNI. That's correct.

Chairman BARTON. So we have a situation now that there is no catastrophic health insurance policy; is that correct?

Mr. GIOVANNI. Yes.

Chairman BARTON. And when we get the next panel, we're going to find out what they say about that.

Mr. WHITFIELD. Mr. Chairman, we do have three members of the Board of Directors that were serving on the Board at the time the decision was made to allow the policy to lapse or not renew it; and all three of them said that they did not recollect any specifically called meeting to discuss that, nor did any one of the three of them vote on it.

Chairman BARTON. Okay. All right.

Well, my last question—and again, I'm only going to Mr. Giovanni because he's no longer associated and so he can, to some extent, be a neutral observer here—is it—in your opinion, if we have a jockey, and we've got several that have been injured, do you feel like if they've got a bona fide case, as long as they can prove that they were dues-paying members, that the Jockeys' Guild should reimburse them and should provide them health insurance and disability insurance?

Mr. GIOVANNI. Yes, sir.

Chairman BARTON. Mr. Chairman, with that, I'm going to reserve the balance of my questions for the next panel.

Mr. WHITFIELD. Thank you, Mr. Chairman.

I recognize the gentleman from Oregon, Mr. Walden.

Mr. WALDEN. Thank you very much. And I apologize, Mr. Chairman; I had to take another brief meeting but I was trying to listen with one ear to these proceedings.

Mr. Shepherd, I believe in your testimony you indicated that when you—when Mr. Giovanni was relieved of command, that basically your organization was near bankruptcy, I think was your term—"nearly bankrupt," I think you said.

Mr. SHEPHERD. The end of last year we were in Vegas at the assembly, that was all the talk, we are losing money, we are losing money in racing. And when you look at the financials, a lot of the money that we had was in the accounts receivable.

Now, the amount of money that was going out and being spent was exceeding the amount of money that was coming in. And we—even in Vegas, when Mr. Giovanni was in there, we were told within a year and a half at this rate we would be bankrupt. Now—

Mr. WALDEN. Let me switch to Mr. Giovanni. I had a financial statement here, but I've—oh, here it is; lost track of it—dated—I guess it's under tab 20 in the book.

I don't know if you've got this book down there, but if you will turn to tab 20—I believe you do—it's RC0286. And then there is a balance sheet, it looks like it's the second page, actually. There is the filings page, and then the second, which shows \$190,000 in checks and savings and another \$442,000 in receivables.

Would that have been a snapshot of the Jockeys' Guild's position about the time you left?

Mr. GIOVANNI. Yes, sir.

Mr. WALDEN. Would you characterize your finances as nearly bankrupt?

Mr. GIOVANNI. No, sir.

Mr. WALDEN. How would you characterize the finances?

Mr. GIOVANNI. We were in fairly decent financial shape. I mean, what we had done, we could no longer afford the health insurance. We had \$2 million coming in from the members, and that was cash coming in; and we had \$2.2 million coming in from the racing associations. And we were no longer paying—we couldn't afford the health insurance, so that was like \$3.5 million, I believe, is what the policy was.

So we had \$4 million, and getting rid of \$3.5 million worth of debt. So we weren't in bad shape financially.

Mr. WALDEN. I see. And were there financial audits conducted every year?

Mr. GIOVANNI. We gave an audited statement to the Board of Directors every year. We sent the financials out months in—a week, 2 weeks in advance of the Board meeting so they could review it.

We gave them an audited statement from the Jockeys' Guild, from Guild Products, Inc., which was a for-profit corporation that we formed. We gave them an audited financial statement from the Disabled Jockey Fund. That statement also included, from the Disabled Jockey Fund, every dime that came in and every name of everybody who had donated the money; and it also showed where the money went. Every disabled or permanently disabled member who received money from it, that was noted.

Mr. WALDEN. Out of the disabled fund as well?

Mr. GIOVANNI. Yes, sir.

Mr. WALDEN. Okay. Have you ever had a chance to review the independent auditors report that came out, I think it was November of—I want to say November 2003—that covers the years December 31, 2002 and 2001?

Did you ever have a chance—if you would turn to Tab 13, you will, if you haven't, and I'm aware you would have been gone by then, but in their notes they say—let's see, they say in the second paragraph, "Except as discussed in the following paragraph, we conduct our audits in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining"—blah, blah, blah.

"for the fiscal"—the next graph, I guess—"for the year end of December 31, 2001, we were unable to obtain sufficient evidential

matter in connection with member mount fees, assessments in revenues from tracks necessary to obtain reasonable assurance about whether the statement of activities and net assets and cash-flows are free of material misstatements. We, therefore, do not express an opinion on the accompanying statements of activities and net assets and cash-flows for the year end of December 31, 2001.”

Now, you were only there for half of that year?

Mr. GIOVANNI. I was there for 6 months, yes, sir.

Mr. WALDEN. And when you left, do you feel like the data were there in the same condition they had been in prior—

Mr. GIOVANNI. Yes, sir.

Mr. WALDEN. Had you ever had a statement like this on an audit during your tenure?

Mr. GIOVANNI. No, sir.

Mr. WALDEN. And who conducted your audits?

Mr. GIOVANNI. Arthur Andersen.

Mr. WALDEN. Okay. So the Board changed auditors after you left?

Mr. GIOVANNI. Yes.

Mr. WALDEN. Ms. Swan, were you part of the decision to change auditors? You're chairman of the board.

Ms. SWAN. Yes, we did.

Mr. WALDEN. You know, I spent 5 years on a community bank Board and served on the audit Board before coming to Congress on a committee, and so I'm interested in these sorts of issues.

What possessed the Board to change auditors, and how did you explain this notion of the statement here to your board?

Ms. SWAN. I think a lot of things were in turmoil at the takeover. There was trouble with the new staff getting all of the material that was left in the office.

One thing I do want to say, if I may interject here. I've been wanting to say it. Is this okay to say it right now?

Mr. WALDEN. Sure. I've got a few more questions, but I have limited time.

Ms. SWAN. Okay, that's fine.

Okay, one of the things on the catastrophic policy is we were under the understanding that it did not cover all jockeys; that's one thing I think Mr. Colton was trying to explain a while ago is that riders are out riding every day, and we were expecting that it was going to expire. But the majority of the riders were more concerned with the everyday health care of their families; that was something they could see face to face.

Admittedly, we live in kind of a dream world that it's not going to happen to us, but the health insurance problem needed to be resolved first.

Mr. WALDEN. Okay. I want to go back to this audit issue. Are you aware of whether or not the auditor involved here was a friend of Dr. Gertmenian's?

Ms. SWAN. I think he was an associate. Whether that meant a friend, too, I don't know.

Mr. WALDEN. Would he have maybe been a college roommate?

Ms. SWAN. I wouldn't know that, no, sir.

Mr. WALDEN. Do you suppose you ought to find that out, maybe? And I mean that in all seriousness. I don't mean to be rude about it, but there is a—did you vote on that change?

Ms. SWAN. We hired a new team to take over, and went along with their suggestions on who they hired. We didn't tell Mr. Giovanni who to hire on the previous one.

Mr. WALDEN. Okay. The new team you took over included Dr. Gertmenian, right? Is that who you're referring to as the "new team"?

Ms. SWAN. Yes, sir.

Mr. WALDEN. So you're saying he's the one that made the decision on who to hire as an auditor?

Ms. SWAN. Yes, sir. We wouldn't have any idea who to hire as an auditor. We don't have those connections, sir.

Mr. WALDEN. And he didn't bring that to your Board for approval? He just independently hired—

Ms. SWAN. No, I believe he did ask us. But we don't know who to hire as an auditor. We trust the people that we put into place to do their job.

Mr. WALDEN. As I've said, I've been on couple of community boards, and these are decisions usually the boards vote on, and then it's reflected in the minutes. I'm assuming you have minutes of your various Board meetings?

Ms. SWAN. Yes, sir. I believe we do. I don't have them, no, but our staff—

Mr. WALDEN. Who has them? Are they not kept?

Ms. SWAN. I would assume that our staff does.

Mr. WALDEN. Don't you review and vote on them at every meeting?

Ms. SWAN. Yes, sir.

Mr. WALDEN. You do. So there is a minute book somewhere?

Ms. SWAN. I know we have voted on the minutes, yes, sir.

Mr. WALDEN. So every Board meeting you review the minutes of the prior Board meeting and you vote on them, correct?

Ms. SWAN. I don't know if it's at every meeting, but most meetings we have, yes, sir.

Mr. WALDEN. And those minutes are available to any of your jockeys for review, correct? Any Guild members?

Ms. SWAN. I guess so, yes, sir.

Mr. WALDEN. Are they available to this committee? Because we've been trying to get those for months.

Ms. SWAN. Part of the thing is, I don't know why Dr. Gertmenian and his staff aren't being asked these questions. He would know that. I don't know where they keep the minutes. They're not with me.

Mr. WALDEN. Right. I understand. But are you chairman of the board, co-chair of the board?

Ms. SWAN. Co-chair, yes, sir.

Mr. WALDEN. Co-chair, okay. And former chairman, all right.

What about financial statements? Mr. Donahue talked about his desire as—you were running the fund for the disabled—

Mr. DONAHUE. I was co-chairperson for the Riders Fund.

Mr. WALDEN. And did that mean you were also a Board member of the Guild?

Mr. DONAHUE. No, sir.

Mr. WALDEN. But you were co-chairman of the fund?

Mr. DONAHUE. Yes.

Mr. WALDEN. And you couldn't get financial statements?

Mr. DONAHUE. No, I couldn't.

Mr. WALDEN. And who did you ask for those, again?

Mr. DONAHUE. Albert Fiss and Dr. Gertmenian.

Mr. WALDEN. And they refused to give you financial statements?

Mr. DONAHUE. I should not be concerned with this matter, he said.

Mr. WALDEN. Did anybody else who was on the Board at the time—and all of you gentlemen at one time or another were—some of you left immediately, I understand.

Have any of you reviewed financial statements for this fund?

Mr. Shepherd? Mr. Shepherd, have you reviewed the financial statements in this fund?

Mr. SHEPHERD. Yes. And understanding—and you've got to remember my point of view going in on this was, I had a broken neck when we started discussing what we should do with the fund. And keep in mind the majority of the payments that went to the temporary and permanently disabled riders, most of the money came out of the general account, not necessarily the fund. The fund was used for special needs. During—

Mr. WALDEN. I'm getting a different view from Mr. Giovanni.

Mr. SHEPHERD. During Mr. Giovanni's tenure, the Disabled Jockey's Fund was used for special needs.

Mr. WALDEN. We've been trying to get, so we fully understand what you all are telling us, how this money was expended. Other members, it sounds like, of your Board or people who have run this fund are trying to get that same data and haven't been allowed to see that.

Are you going to share that data with us?

Mr. SHEPHERD. Yes.

Mr. WALDEN. And how do we get that and when?

Mr. SHEPHERD. You will get it.

Mr. WALDEN. Because we have subpoenaed that and we have not been able to get it. And what we see are big numbers and big transfers.

We have people, like Mr. Donahue, who I think have raised very valid questions about transfers or proposed transfers of huge amounts of money. I mean, \$1 million or even \$250,000 is nothing to shake a stick at. And I've got to tell you, I have been in shoes like some of you are wearing on a board; I hope your D&O insurance is paid up because I think you're sitting on a pile of liability here if this money has been misspent.

And I'm no attorney— Mr. DONAHUE. Mr. Walden, may I make a comment?

When John Giovanni was the national manager, he is correct, it was only used for special needs. But when Gertmenian and Matrix Capital came in, it was never voted on, but for some reason they started dipping into the Disabled Riders Fund with the temporary disabled riders and not reimbursing the fund back.

Mr. WALDEN. Mr. Shepard, was there a change in policy when Dr. Gertmenian came in and it was voted on?

Mr. SHEPHERD. It wasn't just when he came in.

Mr. WALDEN. When did the change occur?

Mr. SHEPHERD. We had been trying to solicit contributions to help, because the money was not going to keep up with the expenditures. The money that was coming in wasn't matching the money that was going out, and it had been doing that for years.

Mr. WALDEN. All right. I'm trying to follow a process here.

When did the vote occur to change how the money—

Mr. SHEPHERD. That I can't remember exactly.

Mr. WALDEN. But it would be reflected in your minutes?

Mr. SHEPHERD. One would think so.

Mr. WALDEN. The vote never took place.

Mr. SHEPHERD. I don't remember exactly that, but I do know that I was the one with the broken neck when David Gillery, the rider from Louisiana, myself and Terry Hatton had catastrophic injuries.

Mr. WALDEN. And I'm sympathetic, and I understand.

Mr. SHEPHERD. But we needed to get the money coming in, and it just kept going out. And the only way we could do it—

Mr. WALDEN. I'm going to have to cut you off because I'm out of my time, and the chairman is being generous.

Mr. Colton, were you on the Board when this change was made?

Mr. COLTON. Yes, sir.

Mr. WALDEN. And was there a vote?

Mr. COLTON. No, sir.

Mr. WALDEN. Mr. McCarron, were you on the Board when this change was made?

Mr. MCCARRON. Yes, sir, I was.

Mr. WALDEN. And was there a vote?

Mr. MCCARRON. No, sir, not to my recollection.

Mr. WALDEN. Were either of you aware of the transfer of the money or the proposed transfer of money or Mr. Donahue's concern about not knowing how the money was being transferred or where it was going?

Mr. Colton.

Mr. COLTON. Yes, Congressman, if I could comment on that.

I know a lot of you have got a lot of sore necks from shaking your head in disbelief, and I won't use a word like "cult," but we were trying to focus on the big picture and a lot of the decisions were obviously not made by the board.

But concerning that, my understanding was that the majority or all of the money inside the Disabled Jockey's Fund was to be transferred into the Endowment. That's when I was on the board.

Mr. WALDEN. Into the Endowment.

Mr. COLTON. Into the Disabled Jockey's Endowment. And that he was going to go and state to the public that the Disabled Jockey's Fund was going bankrupt and try and solicit donations into the Endowment.

Mr. WALDEN. Interesting process.

Yes, sir, Mr. King.

Mr. KING. That million dollars wasn't removed until 2002 at the time I was a chairman—I mean, treasurer—and received a call from Dr. Gertmenian about getting my approval for this million dollars. And that was my pursuit.

Mr. WALDEN. I read your testimony on this.



Mr. KING. I was trying to find out where this money had gone or where it was spent.

Mr. WALDEN. You have never been able to find out?

Mr. KING. No. I was given partial information on the account, but like I said, it was only partial. And you cannot make heads or tails of what these financial statements were telling me, other than some riders were being paid from Delaware and California from this fund, when they actually had their own funds those payments should have been paid from.

Mr. WALDEN. I want to ask one more question—and the chairman is being most generous—and that is this: Do your by-laws allow you as the treasurer to authorize that kind of change of funds without Board approval?

Mr. KING. I have to plead ignorance, because I really can't say—

Mr. WALDEN. Does anyone know that's on the board, or been on the board, or Mr. Giovanni, do any of you know, would your by-laws allow a phone call from the president to the treasurer to say, I want to move a million bucks over here?

Mr. Giovanni.

Mr. GIOVANNI. Not when I was there, sir, no. Anything that was moved out of the Disabled Jockey Fund was done by three letters. First of all, if somebody called and they had asked for some assistance, whatever it may have been, I contacted Mr. Bailey, Mr. Gary Stevens, Mr. Day and explained what the request was. If they approved it, I called the custodian for the fund and—

Mr. WALDEN. Then these three men were all Board members, right? So it was like a small committee? Did you have like a sub-committee of the board, then, that would approve—

Mr. GIOVANNI. Yes, sir. And these were the members on the sub-committee; they would approve all allocations.

Mr. WALDEN. Thank you.

Mr. GIOVANNI. There were three letters documenting every request.

Mr. WHITFIELD. Mr. Burgess, you are recognized.

Mr. BURGESS. Thank you.

What can I say? Well, let me start with Mr. Bailey.

In your testimony, you've got the notation that you hired, or were interviewing, Dr. Gertmenian, but the references were confidential?

Mr. BAILEY. Yes, sir.

Mr. BURGESS. I have never encountered a situation like that.

Mr. BAILEY. Neither had I. And not to demean, I wasn't just an ordinary Guild member; I was on the executive board, so I thought my questions were well within my rights, and I thought I was due an answer. I thought I had the obligation to go back to the membership and to give this guy, Dr. Gertmenian, a yea or a nay vote, thus my reason for asking him.

There was no middle ground. It was, no, they're confidential. And I asked him a second time and he said the same thing, no, you're not getting them; they're confidential.

Mr. BURGESS. Did anyone who was on the Board then, at that time, ever get to see the references on the resume that were labeled as confidential to Mr. Bailey? Did anyone ask to see them and was denied the ability to see them?

Who pulled the chain on making the hire? Who would have been responsible for that, Mr. Bailey, do you know?

Mr. BAILEY. That would have been the executive Board at the time, of which I was a member. There was a nine-panel board, as I alluded to in my documentation there.

There was a call, I believe it was June 15, 16—I'd have to refer to it, but it was a conference call for the Board members. And there was a lot of pressure put on us that we would be—as directors and officers, be liable if this Guild went bankrupt, and a lot of pressure put to bear to put it mildly for us to change over and remove Mr. Giovanni and hire Dr. Gertmenian.

And five of us, or at least at the time of the end of the phone call, five of us said, no, we weren't going to do it yet, we needed more time to think about it. Pat Day, myself, Tony Black, Dean Koontz and Larry Malonson all said we—they wanted us to fax in our vote of "yes" for Dr. Gertmenian, and we refused to do it that night.

Obviously, sometime during that night they got one of us—and it happened to have been Mr. Dean Koontz—to sign off and vote for Dr. Gertmenian; and thus they had a 5-4 majority. I say "they," I say the board.

Mr. BURGESS. Who brought Dr. Gertmenian to your organization?

Mr. BAILEY. That would be Chris McCarron.

Mr. BURGESS. Mr. Giovanni, let me ask you, now the jockeys did not know that the catastrophic fund had lapsed; is that correct?

Mr. GIOVANNI. That's what I understand.

Mr. BURGESS. So they couldn't be faulted if they were still making payments?

Mr. GIOVANNI. No.

Mr. BURGESS. Did they still make payments?

Mr. GIOVANNI. I don't know. I was out.

Mr. BURGESS. You were out at that point.

Does anyone know the answer to that question? Were the jockeys still making payments after the catastrophic insurance was canceled?

Mr. KING. Yes. All members had to make—their mount piece had to be paid and their dues had to be paid, which was \$100 a year.

Mr. BURGESS. And where would this money then go if there is no insurance?

Mr. KING. Most of the time it went to—at first, when I first went in there, it was going to the operating account.

Mr. BURGESS. The money that was supposed to go to the catastrophic insurance?

Mr. KING. Well, I'm not sure where they had earmarked it for, but it was actually going into the operating account.

Mr. BURGESS. Well, the young man who was injured, who testified first, said that he thought he was buying a catastrophic insurance policy. He writes a check for \$100 a year and \$10 for every ride.

Where did that money go if there is no policy there to receive the money.

Mr. KING. Well, that goes for, basically, pay management, pay the people that are working for us in whatever services outside that we have.

Mr. BURGESS. Within the Guild itself?

Mr. KING. Yes.

Mr. BURGESS. Within the Guild itself.

Mr. DONAHUE. Yes.

Mr. BURGESS. Okay. Well, now part of the catastrophic insurance—or maybe it was the health insurance—maybe I have it confused because I am easily confused, and this is a terribly complex story. This question I guess I would ask to Mr. Colton. The media rights purchased part of the insurance policy. Do I have that correct?

Mr. COLTON. Until I started working for the Guild I had a little bit of knowledge through John's education and I did go down to Kentucky with Mike McCarthy and review the financials for just a self-education. But when I started to work for Gertmenian everything was just going in one account and things were just getting paid out of there. Nothing was earmarked for any specific expense.

Mr. BURGESS. As of today, is there a catastrophic fund for a jockey who is injured this afternoon in a race? I don't even know if it's racing season, but if a jockey is injured this weekend, is there a catastrophic fund available for him?

Mr. COLTON. To my knowledge, there is not. I have not been a member since I've been expelled.

Mr. BURGESS. If a jockey's family member become ill tonight and needs regular insurance, is that insurance available to their family member?

Mr. COLTON. Correct.

Mr. DONAHUE. If they've purchased the policy.

Mr. COLTON. Not every member who joins the Guild is in the health insurance policy. There are amounts for that a year and then an elective benefit you have to pay a monthly premium for. So it has nothing to do with the on-track policy we've been discussing.

Mr. BURGESS. Well, who owns the media rights today?

Mr. SHEPHERD. Jockeys' Guild.

Mr. BURGESS. How much are the media rights worth today? What are they paying out?

Mr. SHEPHERD. What are they worth or what are they paying out?

Mr. BURGESS. What is the dollar amount that is associated with the media rights? Presumably, there's some transfer of money for the media rights from one party to another. How much is that?

Mr. SHEPHERD. Last year, they billed out \$1.5 million and received \$1.25, I think. Paid out about almost \$1.3—a little bit less than \$1.3 million in temporary and permanent member—

Mr. WHITFIELD. Excuse me, Dr. Burgess, if you wouldn't mind. You're saying that tracks for the media rights today are paying about \$1.2, \$1.3 million?

Mr. SHEPHERD. Yes, sir.

Mr. WHITFIELD. I think Mr. Giovanni said back in 2001 they were paying \$2.2, \$2.3 million, right?

Mr. GIOVANNI. \$2.2 million.

Mr. WHITFIELD. So a \$1 million reduction. How did that come about?

Mr. SHEPHERD. I didn't see that kind of money coming in, and I wasn't really paying that much attention in years before. But I was an interested member, and I don't remember what was coming in, but don't seem like it was that much. Otherwise, we should have been able to keep up with our health insurance.

Mr. WHITFIELD. But you're chairman of the Board now.

Mr. SHEPHERD. At this point in time. What I've seen the financials and when I looked.

Mr. WHITFIELD. \$1.2 million coming in.

Mr. SHEPHERD. \$1.25 or something like that that came in last year.

Mr. WHITFIELD. Thank you, Doctor.

Mr. BURGESS. You're reclaiming my time.

Mr. McCarron, perhaps I should ask you, what has happened to the money, the money that was being paid in either by jockeys or by media rights that was supposed to be paying for catastrophic coverage. What happened to that money? Where did it go?

Mr. MCCARRON. I have no idea, sir.

Mr. BURGESS. Does anyone have an opinion?

Mr. MCCARRON. I have not been involved with the Jockeys' Guild since I retired June 23, 2002.

Mr. BURGESS. Does anyone have at least a notion of where that money is, where it has been going?

Ms. SWAN. This is Tomey Swan. Can you hear me?

I understand that when jockeys pay their per mount fee, it is not paid to their catastrophic insurance. We understood that our catastrophic was going to expire, and it did. When we pay in per mounts, it covers a lot of things—covers the staff, helps supplement our health insurance. It just covers a lot of things. It's not particularly for catastrophic insurance. It never was.

Mr. SHEPHERD. The contracts that I've ever read don't say—

Mr. BURGESS. If I may, Mr. Birzer, who testified earlier, gave us the impression that it was his understanding that he had purchased that insurance—in fact, he made a rather plaintive statement that he would not have left his family exposed in that way. His intention all along was to be paying that money. So he didn't make that information up, I don't believe. Where would he have gotten the notion that that money was going to pay for his catastrophic insurance?

Mr. SHEPHERD. I said that I understood for all the time since 1975 that the racetracks were paying for our catastrophic insurance and it wasn't until 2001 when I found out more about the accident in 2000 of Stacey Birden that I realized how everything over a hundred thousand was being paid for. The racetracks were only paying for the first hundred thousand. But we were always led to believe that the racetracks were paying for that—and, by rights, should.

Mr. BURGESS. Is that an opinion shared by anyone else?

Mr. BAILEY. It's kind of difficult to understand even though you're going through it. Traditionally, our health insurance as well covered our catastrophic. Everything over a hundred thousand, our health insurance picked up. When the health insurance was

stopped, obviously, we had no health or catastrophic. So when Dr. Gertmenian reinstated the health insurance, it's obvious that health insurance policy did not pick up the catastrophic end. Therefore, the need for a separate policy, which he did not—and if a member didn't know that, he would have thought, oh, I've got my health insurance back. I must have my catastrophic back. So it was incumbent upon the new board, especially Dr. Gertmenian, to tell the members the insurance wasn't the same.

Mr. BURGESS. Thank you for that clarification.

Mr. Shepherd, let me just ask you then to wrap up. The Chairman has been kind with my time, even though he took some of it for his own use; and I appreciate the indulgence. Very complicated situation that we have in front of us today. Congressional hearing, I wager that's probably not something that you do very often. What would you like to see accomplished as a result of all of the effort and everything that everyone is putting forth today?

Mr. SHEPHERD. I think a national work comp would probably be the most efficient way to do it, most bang for the buck. What I'd like to see accomplished is my children not to have to go through what we've gone through and be abused by the industry, by the racetracks, that they would get treated fairly as athletes, not have to pick up the crumbs like we've had to—and we literally have had to.

Mr. KING. What about the money that disappeared from the Guild? I'd like to have that back for the jocks.

Mr. SHEPHERD. That will go to litigation there.

Mr. KING. One of the riders signed a petition requesting the search and audit to find this money, which has led to the lawsuit that I've filed against the Jockeys' Guild, and still no answers.

Mr. BURGESS. Mr. Chairman, I'll go on record as saying I don't favor the nationalization of the horse racing industry in this country. I guess we can refer to racetracks as Amtraks in the future if we did that, but it doesn't seem to be a particularly healthy way to go. But I have to wonder in my mind where Federal agencies such as OSHA were while all of this was going on. I don't know whether they have jurisdiction over racetracks, but it would seem to me logical that they would. But I will just—with that observation I'll end my testimony. Thank you for your indulgence.

Mr. WHITFIELD. Thank you.

Mrs. Blackburn, you're recognized.

Mrs. BLACKBURN. Thank you, Mr. Chairman; and thank you all for your time.

I'm beginning to feel like I need a chart to follow all of the different story lines. I think each and every one of you sitting at that table would say this is a great example of where hindsight is 20/20; and if you had the opportunity to go back and do it over, you would probably do it just a little bit differently.

Mr. King, if I may start with you, please. Did the Guild ever use a CPA or an outside firm to manage their accounts?

Mr. KING. No, ma'am.

Mrs. BLACKBURN. So you never had outside management of those funds.

Mr. KING. Unless you would call Matrix outside management.

Mrs. BLACKBURN. Did you ever have anyone do an annual audit?

Mr. KING. The annual audit was always done through Dr. Gertmenian, Lacey, Marlette & Donnelly.

Mrs. BLACKBURN. So he audited himself.

Mr. KING. It was an auditing firm, Lacey, Marlette & Donnelly.

Mrs. BLACKBURN. Mr. Giovanni, do you have a response to that, sir?

Mr. GIOVANNI. When I was national manager we did an audit every year.

Mrs. BLACKBURN. Sir, who performed your audit?

Mr. GIOVANNI. Arthur Andersen.

Mrs. BLACKBURN. And you could produce those audits.

Mr. GIOVANNI. No, ma'am, I could not. I was locked out in June 2001, and I do not have any—I had to negotiate to get my personal property back out of the offices. I was never allowed to set foot back in the office.

Mrs. BLACKBURN. They should be—those audits should be a part of the Guild records.

Mr. GIOVANNI. They should be part of the Guild record, yes, ma'am.

Mrs. BLACKBURN. All right. Mr. Giovanni, I think I want to stay with you for a second. I'm having a little trouble following what we're saying on both insurance policies. If my notes are right, you all have said that having the catastrophic and the health insurance would have come to the \$4.3 million and that could not be afforded.

Mr. GIOVANNI. No, ma'am.

Mrs. BLACKBURN. No. All right.

Mr. GIOVANNI. There was actually only one policy. It was a health insurance policy that covered the jockeys when they were injured on track. If their expenses went beyond the hundred thousand which was provided by the racing associations, the health insurance would come in and pick up the difference. When we could no longer afford the health insurance, with the 43 percent increase, and could no longer afford it, we decided to buy—the executive committee opted to buy a catastrophic policy that covered the jockeys when they got hurt on track for up to a million dollars.

Mrs. BLACKBURN. Okay. All right. That has been confusing, and I'm sure it's confusing to you all as we try to follow what has happened with these policies.

Let me ask you something else, Mr. Giovanni. I think that Dr. Gertmenian's salary is \$167,000 a year. Is that correct?

Mr. GIOVANNI. I heard that. I really don't know.

Mrs. BLACKBURN. Any of you—let's see, Mr. Shepherd, you're chairman of the board. Can you confirm that?

Mr. SHEPHERD. \$165,000 is what I think it is.

Mrs. BLACKBURN. \$165,000. Okay. And, Mr. Giovanni, when you were there, what was your salary?

Mr. GIOVANNI. \$140,000.

Mrs. BLACKBURN. \$140,000. Okay. Okay. Mr. Giovanni, who were the Board members when you were removed from your position?

Mr. GIOVANNI. Excuse me?

Mrs. BLACKBURN. Who were the Board members?

Mr. GIOVANNI. Who were the Board members?

Mrs. BLACKBURN. Yes.

Mr. GIOVANNI. There were 27 of them.

Mrs. BLACKBURN. Twenty-seven Board members.

Mr. GIOVANNI. There was an executive committee of nine that acted in the interim between Board meetings.

Mrs. BLACKBURN. All right. Mr. Colton, you said that the assembly at the 2000 national convention passed a resolution to make the Guild a for-profit entity.

Mr. COLTON. I won't use the word "for profit," just that we were no longer going to be allowed to run at an operating loss. We could not go into our assets anymore, if that's correct. That day, Mr. Giovanni, Jerry Bailey and Chris McCarthy were there. That's my recollection. It was basically the executive Board to balance our personal budget.

Mrs. BLACKBURN. All right. At this point in time, right now, Mr. Shepherd, are you running at a profit or a loss?

Mr. SHEPHERD. A loss.

Mrs. BLACKBURN. At a loss. How much?

Mr. SHEPHERD. I haven't seen the financials. Our treasurer keeps close watch on that; and he's a jockey that also has two college degrees, one in business and one in finance. He keeps close tabs with the financial—chief financial officer of the Guild. And then I talk to Jeff all the time about it, and he said we're pretty much where we had been but the money—there's a lot of racetracks that have quit paying us this past year and so—I'm sure we're running at a loss.

Mrs. BLACKBURN. I want to be sure then that I'm following this. You were running at a loss, and so the board—the Guild gets rid of Mr. Giovanni. And we decide to become a for-profit—we're going to focus on profit. We're going to change our structure here.

So our media rights were at \$2.2 million and now \$1.2 million, and we no longer have the health and catastrophic insurance, and we are running at a loss. And back in 2002 we moved a million dollars from the Disabled Jockeys' Fund, and we still don't know what happened to that money, and all of our annual dues and our mount fees are going into an operating account, and today there is no fund for a jockey if he were to be injured today. Am I correct?

Hold on a minute. Mr. Giovanni, you're shaking your head. Go ahead, sir.

Mr. GIOVANNI. That's what I understand. That's what I understand, yes.

Mrs. BLACKBURN. Okay.

Mr. GIOVANNI. I'm no longer associated with the Jockeys' Guild.

Mrs. BLACKBURN. Yes, sir. And I appreciate that. Let's see, and is it—

Mr. DONAHUE. I'd like to make one comment to the salaries they were receiving. When John was national manager of the Guild, he wasn't paying his own company \$40,000 a month for consulting. Although he had lobbyists, he was not paying his company that \$40,000 a month.

Mrs. BLACKBURN. So Dr. Gertmenian gets \$165,000 a year, plus \$40,000 a month goes to Matrix, his company, as a consulting fee.

Mr. SHEPHERD. There's also—ma'am, there's not the expense of all the attorneys. One attorney that we had before with Mr. Giovanni, Mr. Kenney, was getting probably somewhere around a couple hundred thousand a year. There's a lot of—

The bottom line—if you go look at the bottom line on the money that was spent, the money that was spent by the Jockeys' Guild 4 years prior to and 4 years after the change, the percent of the money that went to members' benefits and member welfare is a lot higher now than—

Mrs. BLACKBURN. Mr. Shepherd, somewhere we're missing something and I guess—

Mr. SHEPHERD. We're not a nonprofit now.

Mrs. BLACKBURN. You say missing dollars somewhere along the way. If my understanding is right, you have got people paying separately for health insurance, you have the dues and the fees that are going in every year, but you don't have a fund that would meet the obligations that were there for individuals that were injured.

I appreciate the fact that you all are here and are willing to talk with us and we're going to try to work through this issue and see if we can continue to focus on the three main issues that this hearing is to focus on: the accounting of the Guild's finances, notification of the jockeys of the cancellation of their health insurance and on-track insurance, and the removal of Mr. Giovanni and the replacement of Dr. Gertmenian. That is the focus of trying to work through this.

With that, I'm going to yield back. My time is out. I thank you, Mr. Chairman, for the time; and I thank you all for your indulgence today.

Mr. WHITFIELD. Thank you, Mrs. Blackburn.

Let me go back to Mr. McCarron for just a minute.

Mr. McCarron, how many Board members were there? We had talked earlier about an actual Board meeting in which the policy was allowed to lapse or the decision was made, and you were a Board member, Mr. Colton was a Board member, Ms. Swan was a Board member. Who else were Board members?

Mr. MCCARRON. Well, total Board members—sir, are you referring to the full Board of 27 senators or the executive?

Mr. WHITFIELD. The executive.

Mr. MCCARRON. The executive board. I believe there are nine, and I'm afraid to say that I don't think I could name them all at this point.

Mr. WHITFIELD. What about you, Mr. Colton?

Mr. COLTON. I think I can come close. There was the three of us at this meeting, Michael McCarthy, Robby Davis, Nicky Wilson, Ray Subill, Nicky Wilson, Larry Reynolds. What number am I up to?

Mr. WHITFIELD. You have got Chris McCarron, Mr. Colton, Ms. Swan, McCarthy, Davis, Nicky Wilson, Larry Reynolds.

Mr. WHITFIELD. Ms. Swan, do you know who the other member was of that executive committee?

Ms. SWAN. You didn't mention me, did you?

Mr. WHITFIELD. Yeah, I mentioned you. McCarron, Colton, McCarthy, Davis, Swan, Wilson and Reynolds.

Mr. MCCARRON. Mr. Chairman, I think it was Kent Desormeaux.

Mr. WHITFIELD. The three of you, however, do not recall a specific Board meeting called to discuss this issue and none of you remember voting on it. That's correct, isn't it?



Okay. Now, Mr. Colton, you worked for the Jockeys' Guild. Do you still work for the Jockeys' Guild?

Mr. COLTON. No, sir.

Mr. WHITFIELD. Why did you leave?

Mr. COLTON. I left at the end of March 2003.

I had been asked—it was the first time that I really had seen how the office worked, and if I was to say dismayed, that would be an understatement. I really in the past had believed—and I was—as I told you before, I didn't want to use the word—I believe we were moving positive, and I believed in Dr. Gertmenian, he was a positive, and—

Mr. WHITFIELD. Did you resign or asked to leave?

Mr. COLTON. I resigned, quit, walked out of one meeting.

Mr. WHITFIELD. Mr. Donahue, you worked for the Guild.

Mr. DONAHUE. Not in his capacity, but I was the co-chairperson for the disabled riders funds.

Mr. COLTON. I want to make one clarification. I actually had to sue for my wages, but the wages did not come from the Guild, they did come from Matrix.

Mr. WHITFIELD. So Matrix paid you.

Mr. COLTON. Yes, sir.

Mr. DONAHUE. Mine was unpaid.

Mr. WHITFIELD. You were chairman of the Disabled Jockeys' Fund.

Mr. DONAHUE. Until December 2004.

Mr. WHITFIELD. What happened?

Mr. DONAHUE. I was relieved of my duties.

Mr. WHITFIELD. Why?

Mr. DONAHUE. I became very vocal about the finances, I'm sure. When David Shepherd took over, they formed a new committee, but a month prior to—

Mr. WHITFIELD. There's been so much testimony today, but were you the one testifying about the \$1 million request being made to transfer that money?

Mr. DONAHUE. Eddie King.

Mr. WHITFIELD. Did you work for the Guild?

Mr. KING. That was an unpaid position by our peers.

Mr. WHITFIELD. What was your position?

Mr. KING. Director of the Guild from 2002.

Mr. WHITFIELD. So how many different accounts were there at the Guild?

Mr. KING. At one time, I saw six.

Mr. WHITFIELD. You had the Disabled Jockeys' Fund.

Mr. KING. That was the one that I focused on. But I also asked for their operating account, the expenses around all financial transactions from that. Basically, every account that they had, I asked for the financials.

Mr. WHITFIELD. And you were responsible for the Disabled Jockeys' Fund?

Mr. KING. Well, when I gave my approval to remove \$1 million, yes, sir.

Mr. WHITFIELD. Who asked you to move the million dollars?

Mr. KING. Dr. Gertmenian.

Mr. WHITFIELD. Was that done?

Mr. KING. The main reason it was removed, it was removed before I received the call, some \$300,000 was removed in December.

Mr. WHITFIELD. Okay. Now let me go back to Mr. Bailey and Mr. Day and Mr. Colton and Mr. McCarron. All of you were still active jockeys in April 2002, is that correct?

Mr. DONAHUE. That's correct.

Mr. WHITFIELD. All were members of the Jockeys' Guild in 2002, correct?

Mr. BAILEY. Correct.

Mr. COLTON. 2002 I was. I don't believe Pat Day was. I believe he had already resigned.

Mr. WHITFIELD. Mr. Day.

Mr. DAY. What was the question? I'm sorry.

Mr. WHITFIELD. You were still actively riding in April 2002, weren't you?

Mr. DAY. I was still actively riding, but I was no longer a member of the Guild. I resigned the middle of June 2001.

Mr. WHITFIELD. Okay. But, Mr. Bailey and Mr. Colton and Mr. McCarron, you were all acting members of the Guild. And I just want to bring this home once again. You three, none of you were aware that the policy had lapsed for the on-track catastrophic coverage, is that correct?

Mr. BAILEY. I wasn't aware of it until I approached Dr. Gertmenian.

Mr. WHITFIELD. You had not received any notice, formal notice from the Guild, had you, Mr. Colton?

Mr. COLTON. No.

Mr. WHITFIELD. Mr. McCarron, you had not.

Mr. MCCARRON. That's correct, sir.

Mr. WHITFIELD. Mr. Shepherd, you're currently the chairman of the Board of Directors.

Mr. SHEPHERD. Yes, sir.

Mr. WHITFIELD. Gary Birzer is a personal friend of yours.

Mr. SHEPHERD. Yes, sir.

Mr. WHITFIELD. You have known him for a long time. I suppose any jockey—almost any jockey is going to have some injuries. I guess that's part of the trade.

Mr. SHEPHERD. Yes, sir.

Mr. WHITFIELD. Gary Birzer testified that he did not know that the policy was not available anymore, that it had lapsed. And you, as chairman of the board, when did you first become aware that the policy was going to lapse?

Mr. SHEPHERD. At that point in time I wasn't even on the board. But, like I stated, Robert Colton who said that he wasn't aware of it, he was the one that informed me of it, that it was going to lapse and that we shouldn't do it. We shouldn't renew it.

Mr. WHITFIELD. How long have you been chairman of the board?

Mr. SHEPHERD. Since December.

Mr. WHITFIELD. December of?

Mr. SHEPHERD. This past year, 2004.

Mr. WHITFIELD. And how often does the Board meet?

Mr. SHEPHERD. We've had four meetings so far this year, tele-conference meetings.

Mr. WHITFIELD. You made a comment awhile ago to Mrs. Blackburn or maybe Mr. Burgess that—I understand we all have different educational levels and so forth, but, as chairman of the board, you do have a responsibility to look at financial statements and so forth, but you made the comment that you really don't focus on that because there is someone else that's more qualified to do that. And who is that?

Mr. SHEPHERD. Jeff Johnston is the treasurer, and we go over them. I talk to him real regular, and we go over them and discuss and things that don't make sense. I mean, he has the education and is a jockey. So I trust him a lot.

Mr. WHITFIELD. Now, as chairman of the board, do you have access to the minutes of the Board meetings?

Mr. SHEPHERD. Yes, Jeff's been keeping them since I've been in. He's been a lot more diligent.

Mr. WHITFIELD. Would you provide the committee with minutes of the board? Would you provide us those minutes as chairman of the board?

Mr. SHEPHERD. I think we should.

Mr. WHITFIELD. Okay. Now we'd like to have those by next Friday.

Mr. SHEPHERD. That's asking a lot.

Mr. WHITFIELD. As chairman of the board, do you report to Dr. Gertmenian or he to you?

Mr. SHEPHERD. He reports to us—us as a whole.

Mr. WHITFIELD. All right.

Okay. Mr. Stupak, any additional questions?

Mr. STUPAK. Mr. Chairman, just—if I may, I would move we not ask for documents, we subpoena them.

No. 2, I would advise the Board members, being an attorney up here, I would suggest you get some legal counsel. Because this thing is really a hornets' nest and starting to unravel, and as it unravels there's some responsibilities you should have taken that you did not.

Third, Mr. Chairman, I hope we would join together and I really think we have to do workers comp on a national level for jockeys and riders and the rest of these other people.

I think the other thing we have to do is get ahold of the National Labor Relations Board and change the rules and allow these people to bargain collectively with whoever they want. Allow them collective bargaining.

I think, also, we should have OSHA go through these cracks. I think if you and I join with maybe the chairman and Mr. Dingell and go to the Secretary of Health and Human Services and ask that the National Institute For Occupational Safety and Health undertake a study of racetracks and related sites Nationwide—

And last but not least, we saw in the opening video clip here many of these people riding—and I see those clips all the time. I see them in ads for VISA and things like this. I think these individuals who are the riders are entitled to some compensation for that, more than what they've been receiving.

I would hope we would explore together an opportunity to see how we can try to make this industry whole because it certainly hasn't been for a long, long time.

I look forward to our next panel, but I want to thank everybody on this panel. We've learned a lot here today. Thank you.

Mr. WHITFIELD. Mr. Stupak, thank you.

I guess the U.S. Is about the only jurisdiction in the world that has a fragmented racing industry per se. I mean, there's British horse racing Board in Great Britain, and we could go on with France and whatever and whatever.

One of the purposes of this hearing, of course, is to explore everything. Because we know there's a need. We're not sure the best way to get there, but, as it's already been mentioned, after this panel and the next panel we are going to have another hearing. We're going to have the racetrack people in and others from the industry and get their views and hopefully make some decision to move forward to improve this sport and to increase the safety and to make sure that people are not falling between the cracks. That's our goal here.

Now I want to ask, without any objection I'm going to submit this entire binder, a hundred documents, for the record.

I want to thank all of you members of the panel for being with us today.

We're going to bring up the third panel now. Mr. Giovanni, I don't know if you have additional deadlines to meet or anything, but if you would like to stay, we might have some additional questions for you as a result of this next panel, if you have the time.

Mr. GIOVANNI. Certainly, yes, sir.

Mr. WHITFIELD. Anyone else that's interested?

Mr. DONAHUE. I have one question. You asked Gary Birzer a question of whether he knew of any other disabled riders that weren't receiving benefits. Well, I can't speak for any other disabled riders, but I can speak for myself—I had surgery in February—that my hospital bills have not been paid yet. They've been paid by my private insurance but not the 20 percent that the Guild's responsible for. I have not been reimbursed for prescription medicines since July. I don't know if there's any other disabled riders in the same position.

Mr. WHITFIELD. When were you injured?

Mr. DONAHUE. 1986.

Mr. WHITFIELD. But you have not received any assistance since July.

Mr. DONAHUE. For my prescription medicine, no.

Mr. WHITFIELD. Well, thank you and thank you very much for your testimony. We genuinely appreciate it.

I would at this time call the third panel. On the third panel, we have with us Dr. L. Wayne Gertmenian, who's the president and chief executive officer of the Jockeys' Guild; we have Mr. Albert Fiss, who's the vice president and chief operating officer; and then we have Mr. Lloyd Ownbey, who's the general counsel of the Jockeys' Guild.

We welcome all three of you and thank you very much for your patience today. As you know, it's kind of a complicated issue and takes a while to go through it. I want to thank all of you for being with us today on this important hearing.

As you are aware, the committee is holding an investigative hearing; and when doing so we have the practice of taking testi-

mony under oath, as we did the two previous panels. Do any of you three gentlemen object to testifying under oath today?

Mr. GERTMENIAN. No.

Mr. WHITFIELD. Mr. Fiss.

Mr. FISS. No.

Mr. WHITFIELD. Mr. Ownbey.

Mr. OWNBHEY. No.

Mr. WHITFIELD. The Chair advises you that, under the rules of the House and the rules of the committee, you are entitled to be advised by counsel. Do any of you desire to be advised by counsel during your testimony today?

Mr. GERTMENIAN. Yes.

Mr. FISS. Yes.

Mr. WHITFIELD. You are your own counsel, Mr. Ownbey.

Mr. Fiss, who's representing you today?

Mr. FISS. Robert Trout.

Mr. MINSK. Lawrence Mentz.

Mr. WHITFIELD. Do you two gentlemen intend to testify today? In that case, if Dr. Gertmenian and Mr. Fiss and Mr. Ownbey would rise, I'd like to swear you in.

[Witnesses sworn.]

Mr. WHITFIELD. Each of you are now under oath.

I would recognize Dr. Gertmenian for his 5-minute opening statement.

**TESTIMONY OF L. WAYNE GERTMENIAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER, JOCKEYS' GUILD; ALBERT FISS, VICE PRESIDENT AND CHIEF OPERATING OFFICER, JOCKEYS' GUILD; AND LLOYD OWNBHEY, GENERAL COUNSEL, JOCKEYS' GUILD**

Mr. GERTMENIAN. I would like to use my time, Mr. Chairman, and thank you very much for allowing me to testify and thank all of you and particularly investigators that came and asked questions of me, and I do appreciate the fact that you were very polite to me.

I'd like to spend my time if you allow me to just take an issue that has so concerned me since I was asked to come and help. It's a complicated subject, and so I'm going to ask you to please allow me to sound a little confused because it is confusing. It's called the scale of weights. Now it's a system, a process by which each jockey weighs in before every race. It's a system that, unfortunately, has got a built-in fraud to it that is impossible to fix it seems. As every time I try to address it I'm told by the people who are empowered to make these decisions that it's been this way for a hundred years and it's not going to change.

Now if I can explain. When you go to a track, you get a program, and it's going to have a weight next to the jockey. The public is led to believe that that weight is the weight of the jockey and his gear. It's simply not true.

We have two clerks in New York, as you know, who are under indictment for this because the only way for them to keep their job was for them to go ahead and put these numbers down. They're ordered to do it. The fact is that it's not weighing all the equipment.

Now most people who are in the industry when I've asked—and I've asked many, many times—how much does the equipment weigh, all the gear, from the withers to the rump, they'll all tell you it's about six, six and a half pounds. I believed it because everybody said the same number. But when I took all of the gear and put it into a plastic basket and weighed it, it was ten pounds. So you start off with a four-pound fudge factor.

In addition to that, the jockeys, who are required to maintain a weight of approximately 114 in the nude, maybe 113, can't get there. Maybe they could a hundred years ago in 1907 or whenever the year was—I think that's the last year they made adjustments—but to get to that weight now there are just very few people born with those kinds of bone and structure. So the result is that probably 90 percent, maybe more, of the jockeys in this country go through extreme measures to make the weight.

Now to a certain extent they make it because they don't count the four extra pounds I was telling you about, but to a great extent they make it by going to the sweat box every day, taking out 3 or 4 pounds each day when they go to work, dehydrating their bodies and putting them into great danger. The worst of it, Mr. Congressman, the worst of it is that probably 80 percent of them, and probably much more than that, taking different tests, are below the 5 percent mandatory body fat that all athletes have to maintain.

Now in some sports that number required by their organizations is much more, 8 percent, 12 percent. Gymnasts and cyclists, who have the lowest number, it's 5 percent. They're allowed to compete. If they don't, they have to leave that day. They can't compete.

In horse racing, the typical jockey is in the 4 and 3 percent range, which means that they are permanently cannibalizing their liver and their kidneys. And we know since, we've already had one or more on a dialysis machine, that it's a problem now that's going to explode. It's going to be an enormous problem. They use drugs. Most jockeys try not to, but they have to use Lasix or some kind of diuretic. So they're doing horrible things to their body so they can keep their jobs.

We have asked—we would like your help—it's not to raise the scale of weights, this system that's being used Nationwide, but rather change the system. That is, take the 10 pounds of gear, which is mostly there for their safety, and make it mandatory. Otherwise, what they do is they take their vests and they strip out the sponge, they take out their different equipment and they cheat on the equipment, take cardboard boots, everything they can to get rid of the equipment that weighs to make their weight.

We would like to see 10 pounds of mandatory equipment on every jockey. Instead of him being weighed with his equipment, which—instead of making him try to cheat, we would like him to be weighed in the nude, required to have 5 percent of body fat on his system before he go to work any given day, and that he must have 10 pounds of safety gear on his horse. That is what I'm asking you.

Thank you for listening.  
Mr. WHITFIELD. Mr. FISS.

**TESTIMONY OF ALBERT FISS**

Mr. FISS. Thank you, Mr. Chairman.

My name is Albert Fiss. I am vice president of the Jockeys' Guild, the national labor organization for professional thoroughbred and quarterhorse race riders. I'm also on the Board of Directors of the New York Jockey Workers Compensation Fund for New York jockeys and exercise riders.

I started working for the Jockeys' Guild on Saturday, June 16, 2001. At the time, it was my understanding that I would be working as a consultant to the Guild until the end of the calendar year. Then, on December 22, 2001, I received a phone call from the stewards at Beulah Park about a jockey, Arnold Ruiz, who had died from an on-track injury. I had already sent the office staff home for Christmas, so I drove to Grove City, Ohio, to meet with Arnold's family. It was this single event that made me realize that I had the opportunity to potentially improve the lives of a group of athletes who were in need of help.

So on January 1, 2002, I started going to industry functions and trade association meetings. I quickly learned that the industry as a whole was very resistant to change, but probably more disturbing was the lack of cooperation, lack of accountability, lack of responsibility, lack of interest on issues pertaining to jockeys by the industry leaders and their associations.

When I first returned home to Los Angeles after spending 2 months in Lexington, Kentucky, I had occasion to meet with some of my friends. They asked me how was it going and what was the horse racing industry like. I explained to them that horse racing is not a single industry but rather there's 38 separate industries. Horse racing is driven by gambling, and gambling is a State-regulated industry. There are 38 active paramutual racing States, each of which have their own rules and their own regulations. Imagine dealing with 38 separate Paul Tagliabues, if you will.

Twelve months later, I was once again home for a visit and met with some of my friends again. They asked me once again, what is the horse racing industry like? This time I explained to them that horse racing is not a single industry but rather there's six separate industries. Horse racing has six stakeholders, each of which has at least one trade association, most have two, and some have three. The fact that there are so many stakeholders and so many trade associations that protects these stakeholders is what festers the lack of cooperation, accountability and responsibility which is so pervasive in the industry. It also happens to be the environment which the racing associations cultivate.

As an example, State racing commissions. One of the stakeholders is State racing commissions. By their administrative nature they're unwilling or unable to assist jockeys with the problems that have been identified. For example, the chairwoman of the Illinois racing Board at a meeting on April 12 of this year stated, regarding the lack of insurance coverage: Even the \$1 million in coverage is nothing in the event of a catastrophic injury. If I had the power, I would order you, all parties, to sit down and negotiate this until it was settled.

Imagine a commissioner of a horse racing State not having the power to do what is absolutely right and moral with regard to jockeys and exercise riders.

One of the racetrack associations is TRA. Its executive director is Chris Scherf. I saw him in the audience earlier today. In an article in [bloodhorse.com](http://bloodhorse.com) on March 14, 2001, in response to the Guild losing its family health insurance, he said, we're not responsible for paying the health insurance for independent contractors. The jockeys are not hired by the tracks; they are hired by the horsemen.

We have always said we are not responsible for the Guild's health costs but in fact the health costs are what have driven the Guild's side of negotiation. We're always arguing over whether or not we're paying for health plans or not.

On basic issues involving the jockeys, things like allowing jockeys to wear advertising on their pants so that they can raise additional money for the disabled jockeys endowment which will help to permanently create a financial function that can put money into the pockets of disabled riders, we have fought tooth and nail to the point where, in Kentucky, the Racing Commission changed the rule because they lost to a Federal lawsuit on this very issue 2 years ago at the Kentucky Derby.

Other participants in the industry such as trainers, some of them are good, some of them are not so good, some of them are interested in jockey causes, others are not. But I'd like to read you a quote in an article published on July 28, 2005, entitled *Jockeys Make a Stand* by Dave Fairbanks regarding consecutive days of excessive heat at Colonial Downs in which Emanuel Sanchez died this year from heat exhaustion.

Ferris Allen, horse trainer, said we could not have run—we would not have run our horses if we thought the heat was excessive. There's no question it was hot, but the risk to horses is when you get a change in temperature, not when it's been consistently hot for a few days.

Complete and total disregard for the jockey. Of course he's going to say that if it's dangerous for the horses then I'm the most sympathetic person in the world, but when it's dangerous for the jockey, it just doesn't matter.

Thank you.

[The prepared statement of Albert Fiss follows:]



STATEMENT OF ALBERT FISS  
TESTIMONY BEFORE THE SUBCOMMITTEE ON OVERSIGHT & INVESTIGATION  
OCTOBER 18, 2005

INTRODUCTION

First let me say, I find it unfortunate that the subcommittee is investigating injury insurance issues related only to "Thoroughbred Horse Racing Jockeys..." to the exclusion of quarterhorse jockeys' and the exercise riders that serve this community. I am concerned that members of this committee are being misinformed about both the long and short-term history of on-track accident insurance coverage in the horse racing industry. I am concerned about the published reports that the Chairman of this Committee has said that the Jockeys' Guild and its members are responsible for on-track accident insurance coverage. Such statements appear to prejudice the very issues this committee is investigating.

I am also concerned about characterizations made by staff members of the subcommittee to the press, which demonstrates not only prejudice of the issues under investigation but also a predisposition to attack the work Dr. Gertmenian and I have done for the past four years. Let me remind the members of the committee that in 1965 members of the players association for Major League Baseball elected Marvin Miller to run their organization, despite the tremendous opposition by the owners, and continued with their support of Mr. Miller, in spite of the almost daily negative reporting in the press. Baseball owners then, as do racetrack owners now, portray their relationship with the

human athlete as paternalistic. The first sign of independence, however, is met with brute force in an attempt to discourage such behavior. Any prejudgment of the issues by this Committee, in my view, could be seen to represent an affirmation of that paternalistic authority.

In 1978, the United States Congress passed the Interstate Horse Wagering Act and in so doing handed to racetracks and horsemen the keys to the kingdom. Perhaps the members of Congress did not realize that jockeys' are not considered horsemen, or they did not feel that a jockeys' contribution to the sport of kings was worthy of partial ownership of the game. Or perhaps, due to the fact that horse racing (as a gambling industry) is regulated under state authority, Congress did not feel it appropriate to scrutinize how the industry was run. Whatever the case may have been, this single act created what I consider to be one of the last company-owned towns in America. Over the years, Congress has passed other legislation such as The Wire Act, an amendment to the original Interstate Horse Wagering Act, and repeal of the 40% tariff on foreign wagering - all of which have benefited racetracks and their partners, but has done nothing to improve the health and safety conditions for jockeys, exercise riders or other participants in the sport. In April of this year, solely to benefit the track owners, Congress amended federal law restricting H-2B visas, despite the Department of Housing and Urban Development's (HUD) investigation into unfair housing practices and other human rights violations occurring at Arlington Race Course, a Churchill Downs property.

#### HISTORY OF THE GUILD

The Jockeys' Guild was started in 1940, the result of a jockey getting injured at a racetrack, not having enough money to pay his hospital bills, and receiving no support from the racing association or the local horsemen's benevolent protection association (HBPA). Among the founders of the organization, Johnny Longden, Tommy Luther, Eddie Arcaro, and Sam Renick were all legends of the game. Today, the members of the Jockeys' Guild can proudly state that they belong to the oldest continually existing professional sports labor organization in the country. Since its inception, however, the Guild has obtained few benefits financially or otherwise on behalf of its members relative to other "player associations". A few of the major benefits all jockeys' receive, through the efforts of the Guild, are an ambulance following them during the running of every race, establishment of an account with the horsemen's bookkeeper (which guarantees payment for services rendered), and a quasi-national collective bargaining agreement (with TRA member tracks) for the use of jockeys' media rights.

One of the reasons for the lack of progress has to do with the nature of the game itself. Unlike baseball, basketball, football or hockey, where there are only two stakeholders in the game (owners and players), horse racing has five and arguably six stakeholders – jockeys, racetracks, trainers, horse owners, state racing commissions, and breeders. This single major difference in our sport has created an industry that is non-responsive to technological change, fearful of new ideas, and has resulted in the evolution of an

industry, that was once the largest spectator sport and gambling venue in the nation, into an industry overtaken by nouveau riche made-for-television events.]]

For jockeys, the battle is particularly difficult. Jockeys campaign against one another for mounts on a daily basis, with no guarantee of keeping a mount (win or lose) from race to race. The sociological consequence of this reality is that jockeys cannot protest so strongly as to jeopardize their business. As an example, one former president of the Guild, whom I believe will be testifying in front of this committee, told me that after a time he was unwilling to stick his neck out for the other members because it was affecting his business.

#### THE PRIOR GUILD MANAGEMENT

Under the old management of the Guild, members enjoyed the benefits of a family health insurance plan, which included protection/coverage for on-track injuries. The policy, underwritten by Union Labor Life (ULLICO), provided jockeys (riding in non-workers compensation states) with medical claims coverage above the \$100,000 of protection racetracks purchased through the Thoroughbred Racing Association (TRA) / Jockeys' Guild Media Rights Agreement. The collapse of the ULLICO policy began in August 2000 when a jockey riding in Arizona was catastrophically injured in a race and whose medical bills (within the first six months after the accident) exceeded \$750,000. This single event represents the downfall of the old management and is the basis for all of the misinformation which has followed about the Guild and its responsibility for covering jockeys injured on the racetrack. (See Exhibit A for a timeline of events)

Pat Day, the president of the Jockeys' Guild at the time, in response to a question about the cancellation of jockey health insurance, said to a reporter from Bloodhorse Magazine, "This was not a decision we made hurriedly. We really struggled with it, ... But it was the only decision we could make in order for the organization to stay solvent and continue representing the riders."

As a short-term remedy for the loss of family health insurance & supplemental on-track accident coverage (the ULLICO plan), the former Guild management under John Giovanni solicited the assistance of the insurance broker for the Thoroughbred Racing Association (TRA), Mr. Robert Connelly. At the time, Mr. Connelly's firm, Mather & Co., was providing on-track accident insurance coverage for approximately seventy-five percent (75%) of all non-workers compensation racetracks in the country. The remaining tracks were covered by a policy purchased through ASCS/Mac Donald or did not carry insurance at all.

Economies of scale in the insurance business is very important, and given the limited number of tracks covered by ASCS/Mac Donald, Mather & Co. was able to secure more and more tracks as ASCS/Mac Donald declined to renew coverage.

In March of 2001, the TRA contract represented one of Mr. Connelly's biggest accounts. In order to protect his business, Mr. Connelly offered the former Guild management an insurance policy to cover jockeys for up to one million dollars, with a one hundred thousand dollar deductible. The insurance policy, in effect, provided a guarantee against

lawsuits for racetracks. A win-win for the tracks and Bob Connelly. But a lose-lose for the jockeys' and the Guild.

#### CURRENT MANAGEMENT

The current management of the Guild is being blamed for the lapse of coverage and consequently the financial strait Gary Birzer and his family and other thoroughbred and quarterhorse jockeys are in. However, a closer examination of the facts reveals the necessity of the decision made in December 2001.

The purchase of the policy in April 2001, by the former Guild management, initially cost the Guild \$443,284 and covered 457 jockeys. The population of jockeys covered under the policy was restricted to Guild members who paid \$3.00 per mount in dues, and was further restricted to members riding in thirty-one of the thirty-eight pari-mutual states. In other words, jockeys who regularly rode in New York or California, lets say, likely would not have been covered by the policy if they got seriously injured riding a mount in Kentucky.

The policy was subject to an audit at the end of the term. However, because there were no claims filed against the policy and the policy was not renewed and an audit was never performed.

But consider for a moment if the Guild had repurchased the policy in question. A one-year renewal of the policy would have cost the Guild approximately \$510,000 (based on

a zero claims scenario of the previous twelve months and an increase in membership of approximately one hundred). In the period from April 2002 to April 2003, the policy would have paid the excess claim on one jockey injury in Louisiana (at Evangeline Downs) and would have cost the insurance company approximately \$21,000.

The first significant jockey injury occurred in August 2003 (the hypothetical third year of the policy) at Ellis Park in Henderson, KY, in Chairman Whitfield's congressional district. During the succeeding twenty-six months, there have been eleven catastrophic jockey injuries (nationally), two resulting in death, with the most recent occurring at Charles Town Racetrack on July 9, 2005.

Although I am no actuary or underwriter, the result of these injuries, and the boost in Guild membership, would have to have increased the cost of the policy to the neighborhood of \$3,000,000 per year. By now this committee should be aware of the low rate of pay most jockeys work for and the relatively low level of income the Jockeys' Guild receives from the industry on behalf of its members.

**EXHIBIT A**

August 2000 – Stacy Burton is injured at Prescott Downs, Arizona. Her injuries cost her the use of her legs. Total cost of hospital and doctor claims exceed \$750,000 in the first six months.

December 2000 – At the annual assembly, John Giovanni asks the executive committee of the Board of Directors to vote on whether or not to continue to purchase the ULLICO plan after the underwriters of the health insurance plan request a twenty-five percent (25%) increase in the premium. The executive committee votes to continue purchasing the plan.

March 2001 – John Giovanni calls an emergency meeting of the executive committee in Florida. He tells the executive committee that the underwriters of the ULLICO health insurance plan are asking for a forty-three percent (43%) increase in the insurance premium, effectively increasing the estimated premium from \$2.8 million to \$4.3 million. The executive committee votes to terminate the plan (except for those riders eligible under the California and Delaware subsidy, and certain family members of permanently disabled jockeys. NOTE: The increase from \$2.8 to \$4.3 million does not equate to a forty-three percent increase, however, these were the numbers and percentages reported by Mr. Giovanni to the executive committee.



April 2001 – John Giovanni terminates the ULLICO health insurance plan, with the exception of those mentioned above. Simultaneously, John Giovanni purchases a one-year catastrophic accident insurance policy to protect jockeys regularly riding in non-workers compensation states. In other words, jockeys riding most of their mounts in New York, California, New Jersey, and Maryland are not covered when riding in a non-workers compensation state. The broker for the insurance policy is Bob Connelly, the broker for the TRA. The cost of the policy was \$443,284, and covered 457 jockeys. From April 01, 2001 through April 01, 2002 no claims were filed against the policy.

June 2001 – A new management team is put in place to try and turn around the Guild. The first priority was to secure family health insurance for Guild members and their families. The second priority was to stop the Guild from losing more money. It was explained to the new management that the Guild had in excess of \$18 million fifteen years prior. At the time of the takeover, the Guild had \$2.5 million in cash plus \$1.3 million in the Disabled Jockeys' Fund.

December 2001 – Austin, TX - The first annual assembly under the new management of the Guild. The new management of the Guild successfully acquires a new family health insurance plan for its members. It is discussed, at the time, that the Guild cannot afford both family health insurance and supplemental on-track coverage. A general philosophy is adopted that jockeys should not be required to pay for on-track injuries and related medical expenses. It is also generally agreed upon that the Guild will not re-purchase the catastrophic policy purchased in April.

At this time, all Guild members received a new family health insurance enrollment package. Contained within the package was a statement that the new family insurance did not cover on-track injuries and that the Guild could no longer afford the additional \$1,000,000 in coverage.

NOTE: It was also discussed, at the meeting, that in order for the Guild to have teeth going into the next round of negotiations with the TRA, it would be necessary to increase membership to approximately twelve hundred.

March 2002 - While the decision to not re-purchase the catastrophic insurance (nationally) had already been made, Robert Colton advises that given the excess funds in Delaware from the video lottery terminal, perhaps a policy should be purchased for Delaware riders only. In the end, Mr. Colton decides against the purchase, stating that the Guild needs to be uniform in its decision that on-track coverage is the racetracks responsibility.

August 2003 - The first significant accident involving a jockey whose total medical bills far exceed the racetracks \$100,000 policy is recorded. Over the course of the next twenty-six months eleven (11) additional riders are injured catastrophically.

Mr. WHITFIELD. Thank you, Mr. Fiss.  
Mr. Ownbey, you're recognize for 5 minutes.

**TESTIMONY OF LLOYD OWNBEY**

Mr. OWNBEY. Thank you very much, Mr. Whitfield.  
I've been general counsel—

Mr. WHITFIELD. Would you turn the microphone on.

Mr. OWNBEY. I have been general counsel to the Jockeys' Guild since June 2001. In that capacity, I've had the opportunity to develop various opinions about the industry.

No. 1, jockeys have not been physically or economically protected against unsafe, unhealthful and unnecessary risks that permeate the industry.

No. 2, acting alone, the Guild lacks sufficient resources or power to effectively deal with those conditions.

No. 3, the gambling industry has received over \$26 billion in horse racing revenues and are amassing fortunes using jockey talents, the use of which is inadequately compensated.

No. 4, owners and operator of racetracks have the power, the ability and the resources to deal with these problems but haven't done so.

Five, the Guild presented detailed, specific proposals 3 years ago to the TRA. It has failed to act on any single health or safety issue in 3 years.

No. 6, the Guild made similar proposals to all of the State regulatory bodies. Some progress has been made, but the progress is slow and spotty, while jockeys continue to be killed and disabled performing their craft. The State of California just put in a new law that they're going to be studying the problem.

Whether the States or Federal Government decides to deal with these problems, the analysis of the action to be taken should follow these logical steps:

Step No. 1, expeditiously identify the specific risk that exists at every racetrack in the country. We have frequently expressed that the Guild is prepared to identify those major problems to staff on this committee or the committee itself anywhere in this country, and those services are available today or any day forward.

Step No. 3, determine which policies, procedures, regulations and laws that need to be changed or added and that that action takes place now.

Step No. 4, establish industry-wide zero tolerance for unsafe, unhealthful and unnecessary risks to jockeys and other riders on tracks.

No. 5, provide jockeys who are temporarily or permanently disabled immediate quality medical care and long-term financial assistance.

Step No. 6, provide adequate funding for those needs.

I urge the committee to take the following three separate actions:

The first one is to establish a mechanism for a Statewide set of basic safety and health standards to apply to all who participate in this sport and their State regulators. We need some sort of a hand from the Federal Government in some way to urge it as they did in OSHA. OSHA, they put in minimum standards, and then the States followed and put in their place other standards.

Provide uniformed minimal standards of workers compensation covering all of the track injuries administered under the State system. That is to say, we need to have a uniformed system so it doesn't depend on which track you're riding on how much comp you get. But let the States manage that particular thing.

Now, third and final, how do we pay for it? Require that a percentage of all on-track or off-track wagers made on any track in the United States be set aside in a fund to pay for the costs associated with implementing a complete safety and health program for the sport of kings.

Thank you very much.

[The prepared statement of Lloyd Ownbey follows:]

STATEMENT OF LLOYD C. OMNBY, JR.

I am the General Counsel of the Jockeys' Guild and have had that position since June of 2001. At the same time I continue to maintain a separate office and have a full labor-employment law practice including litigation and appellate work. The company firm preceding me in that capacity is the law firm of Kennedy Schwartz & Case of New York city.

I appear by invitation of this committee as a witness and not as the Guild's lawyer. The legal representatives for the Guild at the hearing are Lawrence Mentz of New York and Stanley Brand of District of Columbia.

Dr. Gertmenian asked me to act as a point person to gather the documents requested and to deliver them to the committee. Responding to the requests and the subpoena has been extremely difficult for historical reasons. Dr. Gertmenian had been told by two board members that the prior chief executive of the Guild had been accused of many of the same charges that other jockeys have subsequently asserted against Dr. Gertmenian. As a reasonable precaution, the Guild's Board of Directors in June 2001 terminated all of the staff and the Matrix team secured access to the Guild's office. The accounting system that had been purchased had not been successfully operated and the books and records were in very bad shape. The long and short of it, the new leadership had to assume the current work while at the same time reconstructing the accounting system. In addition, the Guild's offices were moved from Kentucky to California.

Serving the jockeys community is an incredibly difficult task, particularly for such a small staff. The three member representatives are on the road full time, and the chief operating officer, Albert Fiss, is on the road about 70% of the time. Gevork Asatryan, the chief financial officer, has a huge workload without the assistance of a full-charge bookkeeper. The workload administrating the jockeys' health insurance, and providing for disabled jockeys is handled by only two administrative staff members who have an overwhelming workload. The remainder of the staff respond to the constant influx of telephone calls, faxes, and e-mails expressing the needs and emergencies of the Guild's members. The problem has been exasperated by the refusal of Churchill Downs Corp. to remit their share of the media rights money to the Guild.

I made the entire Guild staff, including Dr. Gertmenian and Mr. Fiss and the two successive chairmen of the board, available to the committee's staff. Under the staff's "rules", they were not permitted to have a witness present or make a tape recording of those interviews.

The staff has not provided written acknowledgment of any of the documents received to enable a coherent record of which documents were received, and the staff has not identified in writing which specific documents the staff believed required further reponse. Extended telephone calls are not an adequate substitute. The reason given for no response is that it becomes public record. That is their problem - not ours.

Many of the questions asked, in my opinion, were overly broad or vague or interfere with attorney-client privilege and attorney-client work product privileges, as well as unduly invading the privacy of the parties or individual jockeys. Much of the materials sought were not relevant to the investigation undertaken.

My August 31, 2005 letter singled out the majority attorney for criticism. I believe that it would be helpful for the committee to establish clear guidelines for its staff to follow, much like the committee has done for witnesses to this hearing.

In my considered opinion, Dr. Gertmenian and his staff have accomplished outstanding results. Those who have asserted that he and his staff are guilty of any wrongdoing are, in my opinion, wrong based on any charge of wrongdoing that I have been made aware of, including the documents I received and sent to the Committee. Some who have accused Dr. Gertmenian of wrongdoing were or are jockeys, and have done so for political reasons or to obtain control of the Guild and individual recognition. Some have a history of accusing every administration as corrupt, but when asked to produce evidence cannot do so. Some are simply confused or misled by others. On the other hand, there are critics of the current leadership, such as Jerry Baily who has been measured in his criticism and has been truthful as he understands the facts.

Churchill Downs' management has filed an action in federal court in Kentucky for the purpose of destroying the Guild as a union, or to get rid of its current management. In my opinion, that litigation will also be proven to be without merit, however, it

follows similar historical efforts of management generally to crush unionism which led to the remedial legislation in the Norris LaGuardia and the Taft-Hartley Act and its predecessors. Churchill Downs asserts it is not bound by these laws.

The unsafe and unhealthful conditions fostered by the industry are the worst of all sports and any industry with which I am familiar. The tracks by their action provide vivid, ugly proof that they simply don't care about these risks to the jockeys, and wish to continue to run their tracks like plantations in which they can assert unbridled power and control of all who work there. The Guild's concern today is that this committee will become part of the problem and not part of the solution to the egregious health and safety conditions fostered by track owners. I hope the Guild's concerns are not warranted.

The immediate single task that I would recommend is that this Congress undertake to establish minimum federal standards for workers' compensation in which all riders are protected from on-track injuries. It can be structured so that states can meet or exceed those standards as was done with OSHA. The cost should be borne by track owners who receive the gross revenues from on-track and off-track wagering. Do not be misled. The off-track betting constitutes at least 85% of all revenues earned from wagering. This is contrary to their claims that they cannot afford to provide adequate insurance. The tracks have destroyed an industry that was the number one spectator sport in America in 1972. Today, their stadiums and clubhouses are almost empty and, in my considered



judgment, this is the result of a host of bad management decisions, primarily in marketing.

Finally, I have on at least three occasions extended the invitation to staff and committee members in writing and five or six times orally to have a Guild representative guide you through any racetrack in the country to see in person the safety and health issues that need to be addressed. The first step should always be to reduce the frequency and severity of injuries to jockeys and other riders. Reduction of both will reduce the cost of risk protection. The committee instead has focused on the governance of the Guild and historic but improperly assigned risk protection.

Mr. WHITFIELD. Mr. Ownbey, thank you.

Thank you all for your testimony.

I might just make this comment about the racing industry. As I stated earlier, we do have a fragmented industry. We have different jurisdictions with different rules, and there is a lack of uniformity. In most nations of the world where there is organized racing there is some national standard. I appreciate you all raising those issues, and that's definitely something we want to look into.

I want to ask Mr. Fiss one question to start with. I did look at the testimony that you had provided, that you had written a letter at some point to Mr. Tim Smith when he was the president of the National Thoroughbred Racing Association, and you had suggested the idea of a national workers comp program for jockeys. Did Mr. Smith ever respond to you, to that letter?

Mr. FISS. No, sir. In fact, just to inform the committee, on two separate occasions back in the 1990's the former general counsel of the Guild tried to engage Congress with national workers compensation programs, first in 1993 and then second in 1997. Both times it was rejected.

If you'd like copies of those documents, I can produce them right now.

Mr. WHITFIELD. Well, I would like copies of it.

might add that this is the committee that had the jurisdiction that passed the Interstate Horse Racing Act which provided the foundation for the simulcasting. I will say that this committee has not been involved in the racing industry issues in a long time for a lot of different reasons, but I do think that things are reaching the point where we all recognize that there are some needs that must be addressed. I want to—so I want to assure you that, on the macro issues of scale of weights, on-track safety, on compensation for health insurance, all those things, we definitely are going to be looking into that.

But also I think that we definitely have the responsibility, and some of the hearing has focused on that today, and that relates to a fellow like Gary Birzer and his wife Amy whose life has been forever changed because of an accident at Mountaineer Park. And whoever's fault it was, I guess it doesn't make any difference right now, but the fact is he had paid the dues, he had paid the per mount fees, and he thought that he had insurance for catastrophic coverage.

Mr. FISS. The addition to that last comment was he wrongfully thought. I'm not here putting blame on him. I'm just saying he wrongfully thought.

Mr. WHITFIELD. Now you heard yourself that three members of the Board said that they never had a meeting and never voted upon a decision to allow that policy to lapse for the on-track protection. Do you disagree with those statements made by those three individuals?

Mr. FISS. They're answering with poor information. It's much more complicated than that.

Mr. WHITFIELD. Let me say that Dr. Gertmenian in his testimony in the interrogatory in the Keen lawsuit said that the Board of Directors made the decision to allow the policy to lapse.

Mr. FISS. When I read that testimony, I talked to Dr. Gertmenian; and I explain to him that he was incorrect in those comments. He instructed me—

Mr. WHITFIELD. So Dr. Gertmenian made a mistake when he made that comment in the interrogatory?

Mr. FISS. That's correct. And I spoke—

Mr. WHITFIELD. Let me talk to Dr. Gertmenian a minute.

Dr. Gertmenian, you're saying that when you made the comment that the Board of Directors approved that, that that was incorrect.

Mr. GERTMENIAN. Yes.

Mr. WHITFIELD. Then who did approve the decision not to allow the policy to lapse?

Mr. GERTMENIAN. I talked to two members of the board, the chairman and the secretary, Robert Colton. Colton—Mr. Colton had suggested to me that there was no way that both could be purchased.

Mr. WHITFIELD. What was Mr. Colton's responsibility at that time? What was his position at that time?

Mr. GERTMENIAN. He was the secretary of the board.

Mr. WHITFIELD. He was secretary of the board. Who was the chairman of the board?

Mr. GERTMENIAN. Tomey Jean Swan.

Mr. WHITFIELD. You talked to both of them.

Mr. GERTMENIAN. And Mr. Colton was the one who said there was no way we could do both. Because I was completely ignorant of what was going on. I couldn't possibly have known. It was a very complex question with the insurance.

So I said, what do you think? And he said, pick one. And the overwhelming, overwhelming number of jockeys in the country wanted the off-track health insurance for their families. And I said, well, you're going to need the Board to support that; and he said that would be the case. And it was my understanding, whether I was misinformed or not, whether I'm misinformed now, but it was my belief then, it was my belief when I answered the interrogatories, that that Board had, in fact, made that decision. I am wrong.

Mr. WHITFIELD. Now, Mr. Colton's still here with us; and he's been sworn in. Mr. Colton, would you come up here, over here on this side. We'd asked about this, and you never mentioned Dr. Gertmenian talked to you about this. Remember, you're under oath as well.

Mr. COLTON. Yes, sir. That's a total fabrication, Mr. Chairman. There's no way that, in terms of me knowing what the financial shape of the Guild was at that point—I was riding. I had not been to Kentucky or looked at their financials at any time, nor had any been provided to me.

Mr. FISS. May I make a comment on that please?

Mr. WHITMAN. Sure.

Mr. FISS. I have a document here created by Mr. Colton sent in his e-mails to Nancy LaSalla, who is the wife of jockey Jerry LaSalla in Chicago, which will show you that he not only knew about it but he was the author of the documentation that was sent to all of the jockeys around the country that were interested in pur-

chasing the family health insurance and that that documentation specifically states that on-track injuries were not covered.

Mr. WHITFIELD. Let me just make this comment. We had worked with you all very closely trying to get documents of Board meetings and everything else and I must say that what was provided to us was quite sparse. The one thing that I have noticed about the Guild is whenever someone says something, someone says something else. There seems to be a coordinated effort to confuse everything. Even the notice to the jockeys, I've got a whole page here of five or six different answers to that question.

But let's just focus on the fact that the policy lapsed and one—

Mr. FISS. Which policy?

Mr. WHITFIELD. Talking about the on-track policy.

Mr. FISS. The one that was purchased for 1 year in April 2001 to April of—

Mr. WHITFIELD. That's correct—and not renewed.

Mr. Colton, how long had you been with the Jockeys' Guild at the time we're talking about?

Mr. COLTON. I rejoined 1999, 2000.

Mr. WHITFIELD. What was your position?

Mr. COLTON. Originally rejoined as a member and was elected to the Board of Directors, and I believe in 2000 I was elected to the executive committee.

Mr. WHITFIELD. You're sticking by your testimony that the Board never met nor did they ever vote on allowing the lapse of this policy.

Mr. COLTON. That's correct, sir.

Mr. WHITFIELD. You're also testifying that Dr. Gertmenian never came and talked to you as he testified to just a minute ago.

Mr. COLTON. There had been discussion at the 2001 assembly about possibly having to do it. They are talking about some health forms that went out that stated that the contract insurance would no longer be covered.

Mr. WHITFIELD. That was in the assembly in Austin, Texas?

Mr. COLTON. Correct. At that time, the policy was 4 months from being canceled. We had faith in Dr. Gertmenian—I should say Dr. Gertmenian—that they were going to be able to eventually get this—

Mr. WHITFIELD. One thing that's come through loud and clear today is that management of an organization like this is difficult because you have jockeys scattered all over the country focusing on riding; and you would think with something so important as insurance for covering a catastrophic injury on the track, recognizing the danger of the sport, that the Guild that is responsible for keeping the policy in place would notify the jockeys if the decision had been made to allow to lapse or that it was not going to be renewed. Because jockey after jockey after jockey has testified in writing to us and in person today that they knew nothing about it.

Mr. FISS. Again, you're making the assumption that the Guild had always purchased on-track accident insurance or some kind of supplemental coverage above the hundred thousand dollars that the tracks were purchasing, and that's just not the case.

Mr. WHITFIELD. Mr. Giovanni, you're here; would you come up here?

How many years were you the head of the Jockeys' Guild?

Mr. GIOVANNI. I was the national manager for 14 years.

Mr. WHITFIELD. And of those 14 years, how many years did the Jockeys' Guild provide on-track and off-track coverage?

Mr. GIOVANNI. Every year. We provided a health insurance plan that covered the jockeys when they got hurt on track. If they got hurt on track—

Mr. WHITFIELD. All 14 years?

Mr. GIOVANNI. Yes, sir. When we could no longer afford the health insurance, we bought a \$1 million catastrophic plan to put in place to make sure that the jockeys were covered. That's what he's referring to. We didn't always have a catastrophic plan; we had a health plan that picked up and was a catastrophic plan—

Mr. WHITFIELD. You always had them covered on track.

Mr. GIOVANNI. Yes, sir, they were always covered.

Mr. WHITFIELD. And that 1 year you went to the catastrophic coverage because of unique circumstances—

Mr. BARTON. Mr. Chairman, would you yield?

Mr. WHITFIELD. Yes, sir. Mr. BARTON. What do you mean by a million dollar policy; it paid out a million dollars? The premium was a million dollars?

Mr. GIOVANNI. Yes. Covered the jockeys for \$1 million, and the premium was \$443,000.

Mr. BARTON. If they suffered a catastrophic injury while riding in their profession, they were paid a \$1 million—

Mr. GIOVANNI. It was \$1 million worth of medical coverage. It would pay their medical expenses.

Mr. BARTON. It provided \$1 million worth of medical coverage.

Mr. GIOVANNI. Yes, sir.

Mr. BARTON. Thank you.

Mr. WHITFIELD. My time is expired. Mr. Stupak.

Mr. STUPAK. Did the Board ever take Board action, a vote, to allow or not renew the on-track policy, Mr. Fiss?

Mr. FISS. No.

Mr. STUPAK. So it never came before the board?

Mr. FISS. No.

Mr. STUPAK. So it lapsed.

Mr. FISS. Yes.

Mr. STUPAK. Did you notify—did the Board notify the jockeys that it had lapsed?

Mr. FISS. No, because it was our understanding that, quite frankly, the jockeys didn't even know it existed. There is no documentation to suggest that they knew it existed.

Mr. STUPAK. The point being there was a policy, it expired, and no one notified anyone that it expired. Whether they knew or not knew isn't relevant to the question.

Mr. FISS. But remember that they were notified in December 2001 that we could no longer afford to purchase that policy.

Mr. STUPAK. And how were they notified?

Mr. FISS. Through the mailing of applications for family health insurance.

Mr. STUPAK. Is that in Tab 29 of the big book? Is that the health plan enrollment instructions for the Jockeys' Guild?

Mr. FISS. I don't have that in front of me.

Mr. STUPAK. It's coming right down to you right now.

Mr. FISS. Yes, that's correct.

Mr. STUPAK. Where does it say that your plan is about to expire in this? In the packet it says you have health—right on the top, enclosed in this packet, Health Plan Enrollment Instructions, welcome to PHCS Member Health Plan 202, health plan benefits, health plan enrollment, change, coordination of benefits. I don't see anything in here that says they're about to expire.

Mr. FISS. No. The jockeys had always been under the mistaken impression that the ULLICO plan, the family health insurance plan that Mr. Giovanni talks about that has been in place for a number of years, also covered the jockeys for on-track injuries if they were injured above \$100,000 limits.

Mr. STUPAK. Well, the last panel of jockeys here had it pretty well nailed down, they weren't mistaken; they understood they had to make some choices, but all they wanted was some notice when they were on track one expired, because that is the one that is going to put them in bankruptcy in a minute.

Mr. FISS. If I could use an analogy; if I buy car insurance, I can't use it if I get injured on a motorcycle. The insurance that was purchased was family health insurance, it was not Workers' Compensation or work-related injury insurance. And the fact that it was used for that purpose I think is a purpose that the old management of the Guild, quite frankly, is avoiding.

Mr. STUPAK. Well, we started this hearing out with Mr. Birzer who was tragically injured, and it wasn't the health insurance he was worried about, it was his on-track insurance.

Mr. FISS. Yes.

Mr. STUPAK. So you can sit here and blame former management, but this happened on your watch, not on Mr. Giovanni's. On your watch, and therefore the responsibility and the culpability lies with the current board, not with Mr. Giovanni's board. That's my concern here.

Dr. Gertmenian, how did—the last panel said that you were proposed to take over for Mr. Giovanni, it was 5-4 not in favor of replacing Mr. Giovanni. How was it that you were—he was replaced by you? When you have a Board meeting, isn't there a beginning and an end to the Board meeting, or do you have a rolling Board meeting where people can change their mind and not do it in the presence of the rest of the board?

Mr. GERTMENIAN. The Board met in executive session.

Mr. STUPAK. Sure. Nine Board members, right?

Mr. GERTMENIAN. Right. Mr. Colton was on the phone with me at the end, and I think maybe once or twice in between, as a matter of fact, to tell me that they were having their meeting. At that time he said that they had voted 9-0 to remove John Giovanni. I said that's hard to believe because I know at least 2 or 3 members of that board—the executive committee it was called then—would probably support him. He said no, it was 9-0. And I said until I can see it in a fax from at least five of them, I'm not going to buy in, I'm not going to believe that it's true until I see it. So in a matter of an hour or so, five such faxes did, in fact, come to my home. At that point, even if it were not nine—and I believe that it was—that at least it was a majority.

Mr. STUPAK. The testimony we had earlier, there was a Board meeting, and at the end of that Board meeting it was 5-4 not to hire you, and then later a fax came in later. Now as the chairman of a board, isn't it unusual to have a Board meeting, the Board meeting ends, and then another document appears? Did you reconvene the board, or was it just—

Mr. GERTMENIAN. No. Let me tell you what I know, and if I don't know it all, at least I know what I was told. The Board voted 9-0 to remove Mr. Giovanni. I said I wanted evidence of that.

Mr. STUPAK. And you had five faxes, I got all of this.

You're the head of this organization, right? When you hold a Board meeting, is there a beginning date and an ending date to that Board meeting?

Mr. GERTMENIAN. There was a beginning time and ending time on June 15, which was a Friday night.

Mr. STUPAK. Well, even in a Board meeting, if you had one yesterday, is there a beginning date and an ending time?

Mr. GERTMENIAN. Of course.

Mr. STUPAK. Okay. Well, being a professor, and you know all this stuff about boards and all of that, isn't it a highly unusual procedure to have a meeting begin and end, and then suddenly faxes come and suddenly someone else is hired after a Board meeting?

Mr. GERTMENIAN. I felt there was so much consternation, so much disruption, I said I really need to see this in writing.

Mr. STUPAK. Okay. Let me ask you this question. There has been a lot of discussion here today about getting your Board minutes. Can you get them to this committee by next Friday?

Mr. GERTMENIAN. Well, the problem is that Mr. Colton was the secretary, and for many of those meetings, it turned out, he did not take the notes. And so we can give you the more recent ones, but we can't give you those.

Mr. STUPAK. Well, it's our understanding you haven't given us any.

Mr. GERTMENIAN. Well, I will tell you what we will do, with all embarrassment on my part, if you have not received those—everything that we have will in fact be sent to you.

Mr. STUPAK. Okay. I want even notice of Board meetings, even if no minutes were taken, so we know when Board meetings were, okay?

Mr. GERTMENIAN. Please. We will do the best we can to give you everything that we have in that regard.

Mr. STUPAK. This Permanent Jockey Endowment is something your new Board has established?

Mr. GERTMENIAN. If you will allow me to explain.

Mr. STUPAK. Sure. Just so long as you don't filibuster, I don't have much time.

Mr. GERTMENIAN. I believed that the Disabled Jockeys' Fund was being paid out at a rate that would eventually bankrupt it. And that was the term that I used, and the fund that I've been talking about, it wasn't the Guild, it was the fund.

Mr. STUPAK. Sure.

Mr. GERTMENIAN. In my experience, people were much more willing to give money to a permanent endowment than they were to a fund that got spent down. That I thought we could raise the

amount of money required to take care of disabled jockeys, that we created a permanent endowment, which is what we did.

Mr. STUPAK. So when Mr. Giovanni's administration ended, there was, like, \$1.3 million in the Disabled Jockeys' Fund.

Mr. GERTMENIAN. My memory of that is correct.

Mr. STUPAK. And you changed the name, if you will.

Mr. GERTMENIAN. No, we did not change the name. We kept the fund intact. We created it outside of the Guild.

Mr. STUPAK. This Permanent Jockey Endowment.

Mr. GERTMENIAN. Permanent Jockey Endowment, and asked for donations to go to the Permanent Disabled Jockeys' Endowment. And in some locations around the country, like the State of California, they do now make contributions to that endowment. I also made a \$50,000 donation myself to the endowment.

Mr. STUPAK. Great. What happened to the \$1.3 million in the Disabled Jockey Endowment?

Mr. GERTMENIAN. You were informed by someone at the table before that money was taken from the fund and put into the endowment. I would like to clarify that.

Mr. STUPAK. Okay.

Mr. GERTMENIAN. I did, indeed, suggest to the board, and to the treasurer specifically, that that would be wise. It was certainly my suggestion that the money would be much better served going over—

Mr. STUPAK. Did it go to the endowment fund or not?

Mr. GERTMENIAN. Not a penny.

Mr. STUPAK. Okay. So there should be \$1.3 million in the endowment fund, minus any expenditures—

Mr. GERTMENIAN. Hold it a minute, something went wrong. Not a single penny from the fund ever went to the endowment.

Mr. STUPAK. I know, that's what you said; I agree with you. So there is \$1.3 million when you take over this fund.

Mr. GERTMENIAN. Correct.

Mr. STUPAK. And do you need 2 or 3 Board members to approve any transfer of funds out of the Disabled Jockey Fund? Who makes that decision whether to approve and expenditure—

Mr. GERTMENIAN. It would take the whole Board and a meeting. And they did in fact have a meeting and they did in fact give me that approval, and we never used the approval because it turned out that it was not wise for a pretty simple reason actually. The trustee of the fund wanted us to get a court order for the transfer, and we simply decided that to pay the \$10- or \$15,000 for legal fees to transfer the money just didn't make sense, so we never did.

Mr. STUPAK. I'm not asking about transferring the money. I'm saying if I'm a disabled jockey, I have a need, I can apply to this Disabled Jockey Fund. Under Mr. Giovanni, 2 or 3 Board members had to agree. If they agreed, they paid the money. Like Mr. Bailey was one of those people on that fund, he testified. Under your administration, did you follow the same procedure?

Mr. GERTMENIAN. Yes. The committee was continued. The chairman—Tomey-Jean Swan selected the chairman. I purposely and deliberately never attended meetings, I never approved a payment, I never suggested a payment. In other words—

Mr. STUPAK. What happened to the funding—



Mr. GERTMENIAN. I never allowed myself to get involved in that particular thing because—

Mr. STUPAK. Do you know what happened to the fund?

Mr. GERTMENIAN. They spent it.

Mr. STUPAK. All for disabled jockey needs.

Mr. GERTMENIAN. That's correct. And the treasurer had to approve—

Mr. STUPAK. When you bring in those minutes for us, would you please bring those minutes of this Disabled Jockey Fund too, so we can see those?

Mr. GERTMENIAN. We will bring you—in fact, I've sent to Mr. King all of the checks. All \$1.3 million—every single piece of it.

Mr. FISS. If I may, I may be able to clarify a little bit here with regards to this money that was in the Disabled Jockeys' Fund. In December 2001 at the Austin meeting, it was recommended—but again, I don't know if any minutes were ever taken to approve it—but it was recommended that the Disabled Jockeys' Fund should—because the general philosophy was that jockeys should not be paying themselves for injuries sustained on the racetracks or anything associated with injuries sustained on the racetracks, that the fund could be used not only to pay permanently disabled jockeys and their medical expenses and their premiums for health insurance, but also the permanently—the temporarily disabled jockeys that received money while they were out of work.

And so when you see the accounting of this money, what you will see is that the money predominantly went to temporarily disabled jockeys in the form of \$100 and \$200 checks on a weekly basis.

Mr. STUPAK. So you're saying under oath that the \$1.3 million didn't go into the general fund to pay for the general operating expenses?

Mr. FISS. Say that again.

Mr. STUPAK. So you're saying today, under oath, that the \$1.3 Disabled Jockey Fund did not go into the general fund to pay for the general operating expenses of the Guild?

Mr. FISS. That's correct. What we did do is we wrote checks out of the general operating fund for the—because it was a checking mechanism. The Disabled Jockeys' Fund never had the ability to write 40 or 50 or 60 checks a week, so the general operating fund would write those checks and then get reimbursed by the Disabled Jockeys' Fund.

Mr. STUPAK. And that's what the accounting will show?

Mr. FISS. Yes.

Mr. STUPAK. Thank you, Mr. Chairman.

Mr. WHITFIELD. And you never took money from the Disabled Jockeys' Fund to put it into the endowment; is that what you're saying?

Mr. FISS. That's correct.

Mr. WHITFIELD. But you did take deposits that were designated for the Disabled Jockeys' Fund and deposit those into the endowment.

Mr. GERTMENIAN. That's not correct.

Mr. WHITFIELD. Now the reason I'm asking is we talked to Steven Rice, who I believe was your treasurer—

Mr. GERTMENIAN. Yes.

Mr. WHITFIELD. And we asked him during an interview about that, and he said that they withheld from depositing \$196,000 worth of checks written to the Disabled Jockeys' Fund and instead deposited into the Disabled Jockey's Endowment, and you gave us a copy of that deposit.

Mr. GERTMENIAN. So I'm misinformed, sir, and I'm sorry.

Mr. WHITFIELD. I recognize the Chairman of the full committee.

Chairman BARTON. Thank you, Mr. Chairman.

Dr. Gertmenian, I understand that you're testifying voluntarily; is that correct?

Mr. GERTMENIAN. Yes, sir.

Chairman BARTON. And I understand also that you stood up and raised your right hand and swore to tell the truth, the whole truth, and nothing but the truth; is that correct?

Mr. GERTMENIAN. Yes.

Chairman BARTON. So you're going to try to answer my questions honestly.

Mr. GERTMENIAN. Of course.

Chairman BARTON. All right. Is there a catastrophic health care policy in existence today for members of the Jockeys' Guild who are paying their dues on a sufficient basis to be members in good standing, yes or no?

Mr. GERTMENIAN. No, unless you are in one of four States.

Chairman BARTON. All right. And it's my understanding that Mr. Fiss and some other people here testified earlier that, however that happened, it definitely happened once you assumed your duties managing the Guild; and it's your contention or your association's contention, with the notification was this document where you sent out a solicitation for members to join a generic health care plan that would cover themselves and their family for non-track-related injuries; is that correct?

Mr. GERTMENIAN. Yes.

Chairman BARTON. All right. Do you think that that stands up as an adequate notification, that a generic mailing is sufficient notice to tell members that they no longer have this catastrophic coverage? It doesn't meet any requirement of notification that I'm aware of, but you think it does.

Mr. GERTMENIAN. The attention being paid to the issue of off-track insurance for their families—

Chairman BARTON. Well, I've got the document, it's before us. And page 1 simply says if you want to sign up, here's what it costs and here's what the premiums are. And on page 2, on the back, it does say that this plan doesn't cover non-catastrophic injuries. And then three bullets down it says the Guild can't afford it, the million dollar policy. So that's one bullet on a two-page form on the back of the form.

And we have witness after witness that's testified to the staff and to answer questions today that they were under—they thought they were still being covered until we had an injury in which it was proven that they weren't covered.

Now, for whatever reason you've been—you're the man in charge for the last 3 or 4 years—why in the heck don't we have a policy in effect today, once we found out we don't? Why haven't you done that?

Mr. GERTMENIAN. We have no money to pay for that.

Chairman BARTON. You can't go out—now you're getting \$2 million a year.

Mr. GERTMENIAN. No, we're not.

Chairman BARTON. Well, then everybody else is lying.

Mr. GERTMENIAN. Okay. But we're not getting \$2 million a year. You mean from all sources?

Chairman BARTON. Well, why wouldn't you, as the man in charge, if the No. 1 thing that most of these people think their dues are going for—at least one of the most important things—is to provide them a catastrophic coverage in case they're injured while they're doing their profession, why wouldn't you make it the No. 1 priority to raise the money to get that coverage in effect? You have done nothing. You've done not a darn thing except delay and go as far as you could go not to obey the subpoenas of this committee.

Mr. GERTMENIAN. Sir, we were pressured in every track that I went to with the same story: You must get us off-track health insurance for our families. That was the No. 1 concern.

Chairman BARTON. So why haven't you done it?

Mr. GERTMENIAN. We did it.

Chairman BARTON. It's not in effect today.

Mr. GERTMENIAN. Yes, it is. The off-track is in effect today. We did exactly what they asked us to do. It was the overwhelming comment in every track I went to, and we did it.

Chairman BARTON. So you're saying you have off-track, if they're in a car accident, but if they're injured on the track it's every man for himself. And they accept that. In spite of everything we've heard, that's—if we polled jockey membership, that's what they would say—

Mr. GERTMENIAN. If they get cancer or they're pregnant or that kind of an issue, then that's taken care of.

Chairman BARTON. Well, that's what this plan that you sent out the form for is all about; that's generic health insurance.

Mr. GERTMENIAN. But most of them, we were told, could not get it on their own because of their physical state.

Chairman BARTON. Well, I just find that very difficult to believe.

But I just want to switch to something else, switch to page—the Tab here that talks about your resume. I think it's Tab 58. Do you have that before you? In my binder, in my folder it's Tab 58. Have you got that?

Mr. GERTMENIAN. Yes, sir.

Chairman BARTON. Now I'm going to read a sentence, and you tell me whether this is directly from your resume or if this is a staff—committee staff summary:

Dr. Gertmenian served the Nixon and Ford administrations as the chief detente negotiator in Moscow for the Chairman of the National Security Council, as an emissary to Tehran for the Secretary of Commerce, and as a special assistant to the Secretary of Housing and Urban Development.

To your knowledge is that a true statement?

Mr. GERTMENIAN. Yes, sir.

Chairman BARTON. And that comes from your resume, or that is your resume.

Mr. GERTMENIAN. I don't know where it came from, but it's a true statement.

Chairman BARTON. All right. What would you say if we were to inform you that we contacted the Nixon Library and the Ford Library, and there is absolutely no record to back that up?

Mr. GERTMENIAN. I have no way to respond. I just know what I did.

Chairman BARTON. All right. Can you get a notarized statement from anybody that you worked under that will verify that? We think it's a complete fabrication.

Mr. GERTMENIAN. Okay, but it's not. I was a special assistant; I'm sure you can find the records on this.

Chairman BARTON. No, I don't have to find the records. We've contacted the Nixon and Ford Library and they can't document it. It's your name, it comes off your resume, you provide the documents. Who was the Chairman of the National Security Council that you served under?

Mr. GERTMENIAN. Dr. Kissinger.

Chairman BARTON. Dr. Kissinger. And he'll send us a letter that you—

Mr. GERTMENIAN. I doubt it.

Chairman BARTON. You doubt it.

Mr. GERTMENIAN. I don't know if he will remember.

Chairman BARTON. It says you're a chief detente negotiator.

Mr. GERTMENIAN. I tried to explain.

Mr. WHITFIELD. Mr. Chairman, may I interrupt just 1 minute? Mr. Peter Rodman, who is Assistant Secretary of Defense for International Security Affairs today at the Defense Department, who worked with Henry Kissinger for 20 years, was at the National Security Council from 1969 to 1982 and served on the staff at the National Security Council, served as the Assistant to the President for National Security Affairs, served as Deputy Assistant to the President for National Security Affairs, and we sent Dr. Gertmenian's resume and asked him if he had ever heard of Dr. Gertmenian, and he said no.

Chairman BARTON. Well, you need to provide—I don't know if we need to subpoena this, but you need to provide some documentation for that if it's possible.

Mr. GERTMENIAN. Let me—

Chairman BARTON. Because that appears to be a pure fabrication because we can't document it.

Mr. GERTMENIAN. In the government documents of the different jobs, you will find me listed as a special assistant to the Secretary of the Department of Housing and Urban Development during that period. And my specific responsibility was the director of the Office of International Affairs.

Chairman BARTON. Well, you need to document that.

Mr. GERTMENIAN. And in that position I was asked to do exactly what my resume says.

Chairman BARTON. The next sentence says: Today he is a distinguished professor at two universities in China.

What two universities are those?

Mr. GERTMENIAN. Toufu University and Shandong University.

Chairman BARTON. All right. And can you document that?

Mr. GERTMENIAN. I have some certificates in Chinese; I will dig them out.

Chairman BARTON. Well, we can interpret Chinese.

Mr. GERTMENIAN. I don't know where they are, but I'll look at them. It takes time.

Chairman BARTON. I want to next go to expenses. We asked the Guild to provide a list of their expenses under your leadership, and we finally did get a very sparse summary. So these, the numbers that I'm going to refer to, come from that. But in that expense report we show that a company called Matrix got consulting fees of \$335,000. Who is Matrix?

Mr. GERTMENIAN. It's a consulting firm that I am the principal of.

Chairman BARTON. Principal? Are you the only employee?

Mr. GERTMENIAN. I'm the owner.

Chairman BARTON. All right. I'm led to believe that you're the only employee; is that correct?

Mr. GERTMENIAN. Well, I don't get paid, so—

Chairman BARTON. Well, you got \$335,000.

Mr. GERTMENIAN. Okay.

Chairman BARTON. Do you accept that that is a number from the Guild reports—and you do admit that Matrix, you own it.

Mr. GERTMENIAN. Yes, sir.

Chairman BARTON. Now, of that \$335,000 that the Guild dues went to, \$46,000 of that went to something called Scoop, Incorporated. Who owns Scoop?

Mr. GERTMENIAN. My daughter Farah.

Chairman BARTON. Your daughter.

Mr. GERTMENIAN. Who was a full-time employee of the Guild—

Chairman BARTON. In addition to that, your daughter got \$4,326. What is Chestnut 140E?

Mr. GERTMENIAN. Rental.

Chairman BARTON. And who owns that?

Mr. GERTMENIAN. My—

Chairman BARTON. Don't you own that?

Mr. GERTMENIAN. No, sir.

Chairman BARTON. Does your daughter own it?

Mr. GERTMENIAN. No, sir. Her name is Ruth Fascia. She's the landlord.

Chairman BARTON. Do you have a lease on that?

Mr. GERTMENIAN. No.

Chairman BARTON. Okay. Fiss Consulting, I assume, is this gentleman right here, who is also associated with the Guild; is that correct?

Mr. FISS. Correct.

Chairman BARTON. What is Ridgemar Consulting?

Mr. GERTMENIAN. Mr. Martin Cohen.

Chairman BARTON. And what is their association, what did they do for you?

Mr. GERTMENIAN. Well, whenever these people provided work for the Guild, in the case of Farah, for example, she worked full time at the Guild, and only after I had permission from the chairman to do so, and the board, I presented to the Board can I hire my own

daughter, and because she had an MBA and because she was quite enthusiastic—

Chairman BARTON. I'm not questioning your daughter's qualifications yet. What I am doing is, you're hired by the Guild, they pay you a salary plus expenses, you contract to consult with Matrix for \$335,000—which you own and you're the only employee that we can find records of—that \$335,000, then, Matrix pays expenses to Scoop, to Farah Gertmenian, who is your daughter, to an address for rent that you have—we think maybe you have some controlling interest in—to a consultant who's also a Guild employee. When you add all those up, they total \$151,000 of the \$335,000, so there is \$183,000 that is unaccounted for. What happened to that money?

Mr. GERTMENIAN. General expenses for the corporation.

Chairman BARTON. General expenses. But you're the only employee. What general expenses are there? What did you do with it? There's no—I mean, it sure looks to me like you got in control of the Guild, you put all your cronies on the board, you did everything you can to keep the Guild members in the dark about the lack of an insurance policy for on-track injuries until it was obvious that you had to say something. You went out and started these front operations to put even more money in your pocket.

You know, I don't know if we have any Guild members here, I don't know what it takes to make a change in management under the by-laws—and apparently we've had trouble getting the by-laws—but if I were a dues-paying member of the Jockeys' Guild I would want new management.

And with that, Mr. Chairman, I'm going to yield back to you. But this is the beginning of the process. And at a minimum, we want to see some catastrophic insurance in place as soon as possible for on-track injuries. And then we want to go from there to start cleaning up this. In my opinion, this is an absolute disgrace to all the men and women who work in the industry who really try to do the right thing, who try to do an honest day's work and to provide entertainment and an experience, a positive experience for the racing public of America. And with that, I yield back.

Mr. WHITFIELD. At this time I recognize Mr. Walden.

Mr. WALDEN. Thank you very much, Mr. Chairman.

Dr. Gertmenian, I had to step out for a moment, and I know the Chairman touched on—and that is this Notice of Member Health Plan, the Jockeys' Guild. Was this sent to every jockey?

Mr. GERTMENIAN. You would have to ask Mr. Fiss.

Mr. FISS. Yes, it was.

Mr. WALDEN. How was it sent, regular mail?

Mr. FISS. Regular mail.

Mr. WALDEN. Do you think that this—Mr. Fiss, do you believe that this satisfies whatever requirements might be under ERISA for notification and change of policy?

Mr. FISS. I am not an ERISA expert, sir, I can't answer that question.

Mr. WALDEN. Mr. Ownbey, are you counsel?

Mr. OWNBEY. I provide legal advice when requested.

Mr. WALDEN. Are you familiar with ERISA and the requirements under ERISA?

Mr. OWNBEY. No, I am not familiar with ERISA.

Mr. WALDEN. Mr. Fiss, did you seek any counsel to know if you properly notified under ERISA?

Mr. FISS. No, I did not.

Mr. WALDEN. So now you know whether that's done right.

Dr. Gertmenian, you run the operation, right? You're the CEO, president of the Guild?

Mr. GERTMENIAN. Yes.

Mr. WALDEN. Okay. So you're the main man. In this notice, I think the Chairman pointed out it says are on-track injuries covered, and it says they're not by this new health plan; but it says the Guild can no longer afford the additional million dollars in coverage.

Now, Mr. Fiss, you earlier were saying how it's sort of the jockeys' fault that they didn't understand their own health plan before, because it never covered that level of on-track injury, right?

Mr. FISS. I'm not putting the blame on the jockeys, no. If they were misinformed by the previous management of the Guild that you could use it for on-track accident, then they were misinformed.

Mr. WALDEN. Then why is it in this statement you say the Guild can no longer afford the additional million dollars in coverage under the category "are on-track injuries covered?"

Mr. FISS. Because you're talking about a different policy. You're talking about three separate policies. You're talking about the original ULLICO plan, which was canceled by the old management and executive committee of the Board of Directors in March 2001.

Mr. WALDEN. And then they did the annual policy—

Mr. FISS. The excess policy, which covered 457 jockeys at a cost of \$969 a year. And let me just give you an example. You had Chris McCarron here—earlier up here testifying. He was not covered under that plan. Chris McCarron is a jockey who regularly rides in the Kentucky Derby—

Mr. WALDEN. Why was he not covered?

Mr. FISS. Because he was a \$2 member of the Guild at the time, which meant that he was not covered under the written documents of the policy.

Mr. WALDEN. But that's his choice.

Mr. FISS. But was he informed? Did he know that he was not covered while he was riding in the Kentucky Derby—

Mr. WALDEN. Well, no, I'm more concerned about what you were saying earlier, that they were misinformed about were they ever covered.

Let me go back to Mr. Giovanni. Can you help me on this one?

Mr. GIOVANNI. Yes, sir. It didn't cover the jockeys who qualified in California or Delaware because the State was providing funding—

Mr. WALDEN. Covered by Workers' Comp.

Mr. GIOVANNI. And they were covered by ULLICO. It made no sense to pay two premiums for the same coverage.

Mr. FISS. It also didn't cover jockeys in New Hampshire, Massachusetts. So I don't know about were those jockeys informed that they were not covered under the excess policy.

Mr. WALDEN. Can you hold, Mr. Giovanni?

Mr. GIOVANNI. It covered every jockey that needed to be covered who wasn't covered for at least a million dollars by some other

plan. In Massachusetts and New Hampshire there was a plan that covered them. The idea was, the object was to make sure that every member was covered. Now, we had to deal with the patchwork, because there were 38 different jurisdictions, as they alluded to earlier, so it couldn't be just one plan. The plan we put in place covered everybody. If it didn't cover them, then something else was there in place to take its place to cover them.

Mr. WALDEN. You were there for 14 years, you said?

Mr. GIOVANNI. Yes, sir. I was the national manager for 14 years, and I was a manager for 6. Twenty years—

Mr. WALDEN. At the time you were there running the organization, was there ever a time when the jockeys weren't covered for on-track injuries?

Mr. GIOVANNI. No, sir.

Mr. WALDEN. Or didn't have the ability to get coverage if they signed up for it?

Mr. GIOVANNI. Yes, they were covered. Any member who signed up for it was covered, yes.

Mr. WALDEN. So the only time jockeys weren't covered by the plan would have been during this period after you left.

Mr. GIOVANNI. Yes, sir.

Mr. WALDEN. And this plan expired, the million dollar—

Mr. GIOVANNI. When they failed to renew the catastrophic plan, the million dollar plan, Mr. Fiss I believe wrote a letter to the President of the TRA, he alluded to him earlier, and—

Mr. WALDEN. What is the TRA?

Mr. GIOVANNI. The Thoroughbred Racing Association. Chris Scherf—wrote a letter to him and to the general managers of race-tracks around the United States, telling the racing associations and telling the TRA that they were not going to renew this plan. But they did not afford the members the same courtesy, sir.

Mr. WALDEN. When you changed health plans—I assume that occurred occasionally, or did it?

Mr. GIOVANNI. Yes, it did.

Mr. WALDEN. How did you notify the jockeys?

Mr. GIOVANNI. Mass mailings. And it took a long time. We would send them a letter following up, and oftentimes jockeys would travel. So it was difficult for us to get to them, so we mass mailed on more than one occasion. And oftentimes, it happened quite often, a rider would call and say this insurance plan is no good. I said, you're right, it's been expired. We've sent you letters and you haven't—but here is your new card. But they were always notified. And we did follow the ERISA rules and made sure they were notified.

Mr. WALDEN. And how much did this million dollar policy cost?

Mr. GIOVANNI. \$443,000.

Mr. WALDEN. Or about what's being spent on Matrix now?

Mr. FISS. Sir, it was actually done at \$969 per—

Mr. WALDEN. And how many participants were there?

Mr. FISS. 457.

Mr. WALDEN. So the amount was?

Mr. FISS. So my question is, what about the other 1,500 licensed jockeys in the country, why weren't they covered?

Mr. WALDEN. Did they choose not to sign up for coverage?



Mr. FISS. No.

Mr. WALDEN. Did they have to choose?

Mr. GIOVANNI. Mr. Walden, if I may, I can cite you some examples, and they're here in this room. Jerry Bailey rode mainly in New York. He was covered by Workers' Compensation. When he left New York and went to Florida for the winter to ride, he was covered by the catastrophic plan.

Pat Day rode in Kentucky. He was covered by the catastrophic plan. When he would go to Saratoga in New York in the summertime, he was covered by Workers' Compensation.

Chris McCarron rode mainly in California. He was covered by Workers' Compensation. When he left California and went to Kentucky or to Florida or wherever he went to ride, he was covered by the ULLICO plan, which was paid for by the State of California.

There was always something in place to cover these people. They're just throwing up a smoke screen here, trying to throw numbers at you to tell you that the plan only paid for certain people. But everybody was covered either by that plan or another plan that was in place. They were all covered.

Mr. WALDEN. Okay. Dr. Gertmenian, I believe it was Mr. Colton who—you were overseeing the fund, right, for the—do I have the right person there? Who was overseeing the—Mr. Donahue, who had sought information, financial—and maybe you could come up, Mr. Donahue, because I'm finding it takes two here to get this down. You said that you had asked for financial information, an accounting of how the money was being spent out of the Injured Jockeys' Fund, right?

Mr. DONAHUE. Yes. And what was sent to me was a statement of how much money on a monthly basis the permanently disabled riders were getting, and I learned on that same statement they were paying—tapping into that fund for temporary disabled riders, which disturbed me greatly.

Mr. WALDEN. All right. And when you were asked for an accounting of that you were denied that, correct?

Mr. DONAHUE. I got it eventually, about 4 months later.

Mr. WALDEN. All right. Why did it take 4 months, Dr. Gertmenian?

Mr. GERTMENIAN. I don't know.

Mr. WALDEN. Why don't you? Don't you run—did he ask you for it?

Mr. GERTMENIAN. Not that I remember.

Mr. WALDEN. Mr. Donahue, who did you ask?

Mr. DONAHUE. I asked Albert Fiss and Wayne Gertmenian.

Mr. WALDEN. Mr. Fiss, did he ask you for that information?

Mr. FISS. I do not recall, but I'm not going to sit here and deny that he did. I suspect that he probably did.

Mr. WALDEN. What is the process today, who has Mr. Donahue's position?

Mr. FISS. Actually, we have a committee set up. Two of the members of the committee are here, in fact, Jackie Fires and Rudy Baez.

Mr. WALDEN. Now when the Board meets, does it keep minutes?

Mr. FISS. Yes, they do.

Mr. WALDEN. Why can't you share those with some of the people that have asked for them? Are they not available to the members of the Guild, the jockeys?

Mr. FISS. No, that's not true.

Mr. WALDEN. Are they available to this committee?

Mr. FISS. Yes, of course.

Mr. WALDEN. Have they been supplied?

Mr. FISS. I have not gone through all the supplies.

Mr. WALDEN. Aren't you the COO?

Mr. FISS. Yes. But the nature of the organization and the limited amount of money that we get requires that I'm on the road about 20 to 25 days out of every month, so I'm not—

Mr. WALDEN. Dr. Gertmenian, how often are you on the road? Do you know where the minutes are? You know, the chairman of the Board didn't know where the minutes were kept. Do you know where the records are kept?

Mr. GERTMENIAN. Specifically in the office? The answer is no, I do not. Are they kept in the office? Yes.

Mr. WALDEN. Okay. They're on a shelf somewhere in a book?

Mr. GERTMENIAN. I suspect.

Mr. WALDEN. Have you submitted those to us for review? I mean, a lot of this goes back to—you all know what I'm talking about here—he said, she said, and the Board does things. And then I asked the chairman of the Board about it and now Al, we think we voted on it. I don't know. Well, is it in the minutes? Yeah, it's probably in the minutes. I don't know where the minutes are. We hire staff to do that. Staff tells me I'm on the road, sorry I'm just COO, I don't know.

Mr. GERTMENIAN. Please, Mr. Congressman.

Mr. WALDEN. Yes, Doctor.

Mr. GERTMENIAN. We are so incredibly overwhelmed in terms of trying to serve their needs. The phones ring 60 hours—

Mr. WALDEN. I can appreciate that even though I'm not in your shoes.

Mr. GERTMENIAN. Sometimes when people make a request we have to postpone it, we have to make a decision between answering the phone to a jockey that just got injured or serving—

Mr. WALDEN. Well, we heard from a jockey that just got injured who had no coverage when he thought he had it. And he kept calling. He and his wife said nobody would call them back. They said they tried to call you. You know, you sat here and heard the testimony; all of you did, I think. Did you have time to return their calls? We hadn't subpoenaed anything at that point.

Mr. GERTMENIAN. To my knowledge, my wife indeed did call—

Mr. WALDEN. Why your wife? Does she work for the Guild?

Mr. GERTMENIAN. No, but she is contributing her time as so many other people have. Everybody is trying to help.

Mr. WALDEN. But you're the CEO, you're the head.

Mr. GERTMENIAN. I understand.

Mr. WALDEN. How often do you have a quadriplegic—

Mr. GERTMENIAN. I got on an airplane and flew to him immediately, as they told you earlier. And I gave them my bedside telephone number and told Gary and his wife to call me anytime. If they called my home, there would not have been an answering ma-

chine; it would have been live, and I would have heard it and I would have answered it.

Mr. WALDEN. So tell me what happens when they call the Guild office? Is there an answering machine when you're not there?

Mr. GERTMENIAN. Probably 9 out of 10 calls are taken personally, and only 1 out of 10 when they're just overwhelmed.

Mr. WALDEN. All right. Help me understand this because I don't live in your world. Where is your office located?

Mr. GERTMENIAN. Monrovia on Chestnut.

Mr. WALDEN. And that is the Guild office?

Mr. GERTMENIAN. That is correct.

Mr. WALDEN. And how much time do you spend on a given day in that office?

Mr. GERTMENIAN. It varies from day to day. I'm probably there 30 to 50 hours a week, it sort of depends. I'm on the road, sometimes I'm working out of my home.

Mr. WALDEN. What about Matrix, how much time do you put in there?

Mr. GERTMENIAN. Almost none now.

Mr. WALDEN. And you're the only employee of Matrix?

Mr. GERTMENIAN. Well, I'm not an employee of Matrix.

Mr. WALDEN. Are you an owner of Matrix?

Mr. GERTMENIAN. Owner.

Mr. WALDEN. How many employees are at Matrix?

Mr. GERTMENIAN. There are no employees.

Mr. WALDEN. Where does the money go that goes to Matrix then? How is it spent and where is its office? Where is the Matrix office, Dr. Gertmenian?

Mr. GERTMENIAN. It's in the same location.

Mr. WALDEN. Same location as—

Mr. GERTMENIAN. The Guild.

Mr. WALDEN. I mean, literally the same location?

Mr. GERTMENIAN. Literally.

Mr. WALDEN. Is that correct, Mr. Fiss?

Mr. FISS. Yes.

Mr. WALDEN. Do you have a home office too, then, Dr. Gertmenian?

Mr. GERTMENIAN. I have a home office, too. We moved the Guild's offices into my office is what we did.

Mr. WALDEN. Okay. So the Guild office and the Matrix office are the same office. Is that the same as your home office?

Mr. GERTMENIAN. No.

Mr. WALDEN. Okay. So you are either in the Matrix office or the Guild office whenever you're in either office because it's the same. And you're the owner of Matrix, which has no employees; am I right?

Mr. GERTMENIAN. Correct.

Mr. WALDEN. Are there any other owners of Matrix?

Mr. GERTMENIAN. No.

Mr. WALDEN. How much goes to Matrix each year? Or last year, pick a year.

Mr. GERTMENIAN. Somewhere around the numbers you've been given, I think \$300,000, something like that, maybe 4, I don't know the exact numbers. They change.

Mr. WALDEN. \$335,000, I think. So how does that money get spent, who ends up with the money?

Mr. GERTMENIAN. Some of it is paid out as direct expenses to people that provide direct services.

Mr. WALDEN. There's no employees. Do you contract it out?

Mr. GERTMENIAN. Right.

Mr. WALDEN. How many employees—

Mr. GERTMENIAN. It's a consulting—

Mr. WALDEN. Okay. The committee says that—well, we asked you for expenses, and it's up here for Matrix. What is Scoop, Inc.?

Mr. GERTMENIAN. That is my daughter and her consulting company, which she worked full time for the Guild.

Mr. WALDEN. Doing what?

Mr. GERTMENIAN. Worked in the office answering phones and doing whatever she could to help. She had an MBA, she has her MBA, she worked in the industry for 2 years, and I asked for permission of the chairman of the Board and of the committee to hire her and pay her through Matrix, and they agreed to that.

Mr. WALDEN. And in the minutes it will show approval to hire her to work for the board?

Mr. GERTMENIAN. I don't know if those were—I think that was during the time when the minutes weren't being kept.

Mr. WALDEN. I thought you said the minutes were kept. I've been told there were minutes kept at every meeting—

Mr. GERTMENIAN. But that was a long time ago.

Mr. WALDEN. This shows expenses 2004—oh, you mean when the decision was made. So long ago couldn't be more than 4 years ago because—

Mr. GERTMENIAN. I don't know if there is any minutes for that, Mr. Congressman; I really don't know.

Mr. WALDEN. This would have occurred after the new management team was hired, right?

Mr. GERTMENIAN. Yes. I'm sure that if you asked the chairman of the board, Tomey-Jean Swan, and any member that was there will tell you that I asked for permission before I did it, and they were quite satisfied with her service.

Mr. WALDEN. But did they approve it?

Mr. GERTMENIAN. Oh, absolutely.

Mr. WALDEN. Wouldn't it make sense, I mean, you're a professor; I mean, I didn't do that well in economics, I confess, and I have my degree—not in economics, but you must teach sort of basic business. Your daughter is an MBA, right?

Mr. GERTMENIAN. Uh-hum.

Mr. WALDEN. I mean, I've been on some small boards. I mean, you do minutes, there is no question about keeping minutes every meeting, especially a transaction that involved a related party. My time is expired.

Mr. WHITFIELD. Mr. Walden, thank you very much.

At this time I recognize Ms. Blackburn.

Mrs. BLACKBURN. Thank you, Mr. Chairman.

I am beginning to feel like this is part of a Dr. Seuss novel in which we talk about events that never happened in a town that doesn't exist. And I am very, very sorry that we are having to go

through this today, that this has occurred, and that the individuals feel their lives are greatly impacted by this.

Dr. Gertmenian, are you on staff at Pepperdine?

Mr. GERTMENIAN. Yes.

Mrs. BLACKBURN. You are on staff at Pepperdine. Okay. Pepperdine University. Do you believe in the university? Do you believe in the university? Do you follow its mission statement?

Mr. GERTMENIAN. Of course.

Mrs. BLACKBURN. Good. I'm going to read from the mission statement and I would like for you to respond, please sir, if you do not mind. I know it's a fine institution, I have a niece that attended that institution, so I'm familiar with it. I'm familiar with the mission of that university.

I'm going to just take part of it. In the Pepperdine mission statement it says that the student, as a person of infinite dignity, is the heart of the educational enterprise. And I want to paraphrase a little bit of this with you, sir.

Would you agree with that statement, that the student, as a person of infinite dignity, is the heart of the educational enterprise? Do you believe that to be true?

Mr. GERTMENIAN. Yes.

Mrs. BLACKBURN. Then if we were to rewrite that for the racing industry, would you agree with this statement, sir? That a jockey, as a person of infinite dignity, is at the heart of the racing profession? Do you agree with that statement?

Mr. GERTMENIAN. Yes.

Mrs. BLACKBURN. Do you feel like that your actions have carried that out?

Mr. GERTMENIAN. Yes.

Mrs. BLACKBURN. You do. So you're proud of your actions?

Mr. GERTMENIAN. Yes.

Mrs. BLACKBURN. And you are proud of the way that you have represented the Jockeys' Guild?

Mr. GERTMENIAN. Yes.

Mrs. BLACKBURN. And you feel like you can account for every penny of that nearly half million dollars that you and Matrix have seen from the Jockeys' Guild each year? Yes or no? Yes or no, sir? Simple answer, my time is rolling, the clock is going, I would like an answer.

Mr. GERTMENIAN. I can't answer that yes or no.

Mrs. BLACKBURN. Oh, you can't answer that. So you don't know if you're proud.

Okay, let's go on. That the quality of the student life is a valid concern of the university; do you agree with that statement?

Mr. GERTMENIAN. Yes.

Mrs. BLACKBURN. Then can we say that the quality of the jockey life is a valid concern of the Jockeys' Guild; would you agree with that statement?

Mr. GERTMENIAN. Yes.

Mrs. BLACKBURN. Do you feel like your actions have represented you well on behalf of the jockeys?

Mr. GERTMENIAN. Yes.

Mrs. BLACKBURN. You do, okay. Continuing. The spiritual continual commitment, tolerating no excuse for mediocrity, demands

the highest standards for academic excellence; do you agree with that?

Mr. GERTMENIAN. Yes.

Mrs. BLACKBURN. Okay. Then knowing that you're committed to this university, that spiritual commitment, tolerating no excuse for mediocrity, demands the highest individual standards for accountability, would you agree with that?

Mr. GERTMENIAN. Yes.

Mrs. BLACKBURN. Okay. So then you are proud of the way you've conducted?

Mr. GERTMENIAN. Yes.

Mrs. BLACKBURN. Dr. Gertmenian, I'm going to tell you what. You have been paid a lot of money to come in here—or to represent those folks, and then what I have heard you say countless times today—I have lost count—was that people wrongfully thought, that they were misinformed, or you were misinformed, or somebody misunderstood, or you guess you just didn't know. And sir, I will tell you what; we don't have hearings like this unless it gets to the point that the industry is not tending to itself, and then we end up doing that, and for that I am very, very sorry today, I truly am.

Mr. Ownbey, if I could come to you please, sir. Going to your written testimony, page 1 of this testimony, third paragraph about halfway down: As a reasonable precaution, the Guild's Board of Directors in June 2001 terminated all of the staff and the Matrix team secured access to the Guild's Office.

Would you please define for me who was the Matrix team at that point in time?

Mr. OWNBEY. Those would have been independent contractors that worked with Dr. Gertmenian.

Mrs. BLACKBURN. Would you please list those for me?

Mr. OWNBEY. I wasn't there, I don't know who they were. Albert was one of them, I know.

Mrs. BLACKBURN. Who was one of them?

Mr. OWNBEY. Albert Fiss.

Mrs. BLACKBURN. Okay. Mr. Fiss was one. Who else comprised the Matrix team that secured access to the Guild's office in 2001? Dr. Gertmenian, could you please answer? Mr. Fiss?

Mr. FISS. Nick Chuvakin.

Mrs. BLACKBURN. Okay. Now, we seem to have lost track of where all this money went, and Mr. Giovanni said that Arthur Anderson had conducted the accounting of all of the—the audit each year. Did you all take control of those records at that point in time?

Mr. FISS. No, because Arthur Anderson would not hand them over.

Mrs. BLACKBURN. Okay. All righty. So you didn't know what the audit had shown and Arthur Anderson would not give you all the audit and so you have no record of that; is that what you're telling us?

Mr. FISS. It's our understanding that the documents were destroyed by Arthur Anderson.

Mrs. BLACKBURN. That they were destroyed.

Mr. GERTMENIAN. Yeah. We filed a lawsuit against Arthur Anderson because they would not turn over the records to us, and that lawsuit was settled by them—of course, by that time they

were out of business and bankrupt, and the insurance sent us a check for \$20,000. We couldn't get—

Mrs. BLACKBURN. Okay. I'm going to move on with this.

Okay. Continuing in this same paragraph, Mr. Ownbey, the long and short of it, the new leadership had to assume the current work while at the same time reconstructing the accounting system.

Why don't you describe to me the old and new accounting system, since the old one didn't work? It says that it hadn't been successfully operated and the records and the books were in bad shape. So why don't you tell me about the accounting system? What was the old one and what was the new one and who was in charge of it?

Mr. OWNBEY. Well, let me start out and say that my knowledge in the accounting field is limited, and this is a summary of information I obtained from others.

Mrs. BLACKBURN. From who, who were the others?

Mr. OWNBEY. Well, it would be Albert, Wayne and Steven Rice.

Mrs. BLACKBURN. Okay. So we would need to contact them for information on why the accounting system didn't work.

Let me move on. Those offices were moved from Kentucky to California. Who decided to do that and how much did it cost to move those offices? Do we know that?

Mr. OWNBEY. I did not make the decision to move to California. That was made, I assume, by the Board of Directors of the Guild.

Mrs. BLACKBURN. Mr. Fiss, was it made by the board?

Mr. FISS. It was approved by the board.

Mrs. BLACKBURN. And do we have records of that Board meeting?

Mr. FISS. I do not know.

Mrs. BLACKBURN. Okay. All right.

Mr. FISS. I do know that I spent 2 days in a U-Haul, hauling part of the office from Kentucky to Los Angeles.

Mrs. BLACKBURN. And continuing, Mr. Ownbey, in your testimony you say that the CFO, a gentleman—I cannot pronounce his last name, is it Gevork Asatryan? Okay—has a huge workload without the assistance of a full-charge bookkeeper, and he is overworked and there are only two administrative staff members and they have an incredible workload.

Well, what I can't figure out is if between you've got Matrix getting 300-and-something, \$400,000 a year, why do we not have a bookkeeper? We've got money. It's amazing; it seems like everybody says everybody else is making all this money in the racing industry and everybody wants to pass the buck to somebody else, and Dr. Gertmenian is making nearly a half million dollars a year, and the jockeys have no insurance and they thought they had insurance. And we've got a million dollars that I still am not certain that you all know what happened with the money when it was moved from the Disabled Jockey Fund into the general accounting fund—general accounting of the company. So why do we not have—

Mr. OWNBEY. Why don't we stop right there because you're misstating the facts.

What I understand to be the case, which is supported by the checks that went out of the Disabled Jockeys' Fund, is that all those checks were made payable to jockeys who were disabled pursuant to a trust fund that—

Mrs. BLACKBURN. Sir, that is not the question I asked. I asked why do we not have a full time bookkeeper if that is something that is needed. Why do we not have a bookkeeper who is looking over the books?

Mr. OWNBEY. I am just describing what I understood to the be facts. But I just wanted to go on record, once again, that that was not—the million dollars, or whatever amount of money it is floating around here that just automatically disappeared, that is not the case.

Mrs. BLACKBURN. Thank you, Mr. Chairman. And I yield back.

Mr. WHITFIELD. Thank you, Ms. Blackburn.

And Mr. Colton, there has been this discussion about the Disabled Jockeys' Fund being used to provide payments to stabled jockeys at particular times as they needed it. But it was my understanding at that one time the Disabled Jockeys' Fund, a check would be sent directly to the jockey, but since Dr. Gertmenian and his team took over, that at some point they started making the checks payable to the general operations fund of the Jockeys' Guild, and then the Jockeys' Guild would write the check; is that correct or is that incorrect?

Mr. FISS. No. It's incorrect in the timing. The checks were written first, and then a reimbursement was made. But since—for the past 2 years, the checks have been just written directly out of the Guild operating account.

Mr. WHITFIELD. All right. I'm going to come back to this, but I did see Mr. Burgess and he hasn't had an opportunity to ask questions. So, Dr. Burgess, you are recognized for 10 minutes.

Mr. BURGESS. I thank the Chairman. Again, you are being unduly kind.

I hardly know where to start. In fact, let me even back up a panel and ask Mr. Giovanni, since he's still here, are you familiar with the group called the Delaware Jockeys' Health Fund?

Mr. COLTON. Are you addressing John or myself?

Mr. BURGESS. Yes.

Mr. COLTON. Yes, I am, sir.

Mr. BURGESS. And during your tenure your relationship with them was good?

Mr. COLTON. The Disabled Jockeys' Fund was money that the Guild lobbied for that set out a slot revenue in addition to purse revenue to take care of—not disabled jockeys, but just jockeys in Delaware. You ride 50 mounts, you become eligible. So yes, I'm fully aware of this program.

Mr. BURGESS. And Mr. Giovanni, you're familiar with them as well?

Mr. GIOVANNI. Yes, sir.

Mr. BURGESS. Would you describe it as a good relationship you had with them?

Mr. GIOVANNI. We had a very good relationship. We used to give them an audited statement every 6 months.

Mr. BURGESS. Is that still a good relationship, to your knowledge?

Mr. GIOVANNI. I don't think so, no. I think there has been some problems in regard to accounting.



Mr. BURGESS. Were they ever late on making payments under your tenure?

Mr. GIOVANNI. No, sir.

Mr. BURGESS. We have, I guess, as part of our work that we have been given today, just the concerns of the Delaware Jockeys' Health Fund; and I am not going to read them all, because there is too many of them. But I guess some of the things that stand out, that you were running an unregulated health plan, ineligible individuals, nonpayment, drop of track coverage for permanent disability, failure to properly return members' money, and then the last, fraudulent retirement accounts. Those are all fairly serious charges.

Dr. Gertmenian, are you aware of these concerns the Delaware Jockeys' Fund had with the Guild?

Mr. GERTMENIAN. Not directly.

Mr. BURGESS. May I ask why not? We had a good partnership at one point, and they have got concerns here that strike me as rather severe.

Mr. FISS. Can I answer that?

Mr. BURGESS. Please, I wish someone would.

Mr. FISS. All right. Their concern is a concern due to the lack of a contractual agreement between the Jockeys' Guild and the Delaware Board, and the fact that there is no agreement between the Jockeys' Guild and the Delaware Board keeps me from advancing money on health insurance payments for jockeys without knowing that I am going to get that money reimbursed from the Delaware jockey account.

Mr. BURGESS. We might come back to that, but I want to be careful about my time. I don't know if it was asked when I was out of the room, but if it was, I apologize. But it has been a long day, so it won't hurt to cover some of these things twice.

Dr. Gertmenian, the company described as Matrix, have we been provided with the tax filings from this company to Matrix, I presume? Let me ask you, is it an incorporation, a Subchapter S, an LLC? What kind of company is this?

Mr. GERTMENIAN. A corporation.

Mr. BURGESS. Okay. And I have just been handed the tax returns, so we apparently do have those.

A significant amount of money seemed to flow through that. Mr. Walden was asking the question about how that money was disbursed; and, to the best of my recollection, the answer that you gave was a non-response. Is that your answer and you are sticking with it? Or is there a place—was there, in fact, a money trail? Was that money disbursed to an individual?

Mr. GERTMENIAN. About a third of it was paid to people that worked—whose service was 100 percent for the Guild. The other two-thirds were paid for general operating expenses; and, to a great extent, those people who were paid for those expenses or reimbursement or whatever were serving the Guild.

Mr. BURGESS. I get all that. Are there other clients that Matrix services?

Mr. GERTMENIAN. Not anymore. Not now.

Mr. BURGESS. Not now. Are there any that in the past that you would care to remember?

Mr. GERTMENIAN. Well, we certainly don't have any clients anymore, except the Guild.

Mr. BURGESS. How long has Matrix been in business, in operation?

Mr. GERTMENIAN. 1982. This has become a complete, passionate project, sir.

Mr. BURGESS. How long has that been? How long has the Guild been the only project of Matrix?

Mr. GERTMENIAN. I think since June of—

Mr. BURGESS. Perhaps if you find the answers to those questions and supply us in writing, because there are some other things that I want to get to.

Mr. BURGESS. I don't know if the three of you were in the room earlier today. We had earlier testimony from Amy and Gary Birzer, pretty moving testimony, pretty startling testimony; and, you know, they don't get a chance to cross-examine, so I thought maybe I would ask a few of the questions that came up during their testimony and see if I could perhaps get answers for them.

We have the point, Mr. Fiss, where Gary has been placed in Squirrel Hill; his rehabilitation is ongoing. Amy Birzer says he tried to call you on several occasions and could not get a call returned. Do you think that was an accurate statement? Do you recall getting calls or voice mail messages from Amy Birzer that you didn't find time to return?

Mr. FISS. I think I missed one of her phone calls.

Mr. BURGESS. You missed one phone call. Okay.

When Gary reached you, apparently he asked about, gee, can I have 4 more weeks of rehab, I am making some good progress here, and you agreed to take care of that.

Mr. FISS. No, that is not an accurate characterization. I spoke with the hospital where he was at, the rehab center that he was at. They told me that, at a minimum, he needed 6 weeks of additional rehab; and, quite frankly, they thought 3 months would be better. In looking at what we could afford to offer Gary—

Mr. BURGESS. Let me just interrupt you here for a minute. Did you speak with Joyce Watson from admissions at Squirrel Hill?

Mr. FISS. I don't recall the name. I recall a person by the name of Sue.

Mr. BURGESS. In Mrs. Birzer's testimony she said that you had asked Gary who you needed to call in admissions to make this next 4 weeks happen, and you were given the name of Joyce Watson from admissions. Did that conversation take place?

Mr. FISS. It is very possible it did, yes.

Mr. BURGESS. Why would Ms. Watson come into Gary's room all smiles saying you agreed that the Guild would pay for him to stay there and take care of any of his needs? Do you think she fantasized that or made it up?

Mr. FISS. No, I don't.

Mr. BURGESS. I don't either.

Mr. FISS. Would you like me to answer the question?

Mr. BURGESS. I would be interested in your answer.

Mr. FISS. Okay. As I was saying, we had about \$15,000 that we had available at the time to help out Gary at that facility. The cost,

as I recall, for an additional 6 weeks was going to run \$30,000. What I had told—

Mr. BURGESS. Let me interrupt you. I think we have gotten that point. The reality was—Mrs. Birzer stated it so well. She really thought she was getting the runaround, to the point where she said, why won't you help my husband? I mean, it is a fairly direct question.

Mr. FISS. The answer was that I was talking to Nancy Kelly over at the Jockey Club, which provides charitable money for injured jockeys as well as other injuries and for people in need in the industry.

Mr. BURGESS. No, sir. According to Mrs. Birzer's sworn testimony, your answer was you were going to use her husband as a guinea pig to make a statement. Did you say that?

Mr. FISS. Yes, I did.

Mr. BURGESS. I would like to explore that more, but there are some other things I need to get to.

Mr. FISS. There are only three people that I need to apologize for that particular statement about.

Mr. BURGESS. I wish you would.

Mr. FISS. Thank you. I already did. Thank you.

Mr. BURGESS. Dr. Gertmenian, your hospital visit or rehabilitation center visit with Gary and his wife, the statement that you know people in high places from time to time would send them money, what in the world did you mean by that?

Mr. GERTMENIAN. I am sorry—

Mr. BURGESS. Let me ask you first, did you make the statement that Mrs. Birzer has testified that he knows people in high places and from time to time he would be sending me money?

Mr. GERTMENIAN. I do not remember using that phraseology. It doesn't sound comfortable to me.

Did I say that I would do what I could to help? Certainly. Did I tell her that we would from time to time try to send her money from the Guild whenever we could?

Mr. BURGESS. How much money have you sent?

Mr. GERTMENIAN. I am sorry, I don't know the total. Mr. Fiss would know that.

Mr. BURGESS. How much money has been sent from the Guild to the Birzer family?

Mr. FISS. In terms of dollars?

Mr. BURGESS. Since that comment was made at the Squirrel Hill Rehabilitation Center.

Mr. FISS. A minimum of \$26,000.

Mr. BURGESS. Dr. Gertmenian, let me stay with you just a minute. The Birzer family seems to have gotten the impression that you were wanting them to consider filing a lawsuit against the racetrack. Is that correct?

Mr. GERTMENIAN. Yes.

Mr. BURGESS. Why don't you file a lawsuit against the racetrack? You are the Guild. You represent them. Don't you have a duty—if the racetrack is negligent in providing kitty litter for the horses to race on, do you not have a duty to file that lawsuit on their behalf?

Mr. GERTMENIAN. That is the very core of our problem. We have no standing to do it. If the jockeys do it, they will be ruled off that track, and they will not be able to work again. That is our problem.

Mr. BURGESS. You would be doing them a favor if they never worked on that track again.

Let me just make one last statement. You used the word "overwhelmed" in referring to your business dealings with the Guild, that you couldn't keep up, that you were overwhelmed. No, sir, I will submit you were not overwhelmed. Gary Birzer, he is overwhelmed. Amy Birzer, she is overwhelmed. I spent last weekend down in New Orleans. Those people are overwhelmed. You, sir, are only overwhelmed to the extent that you don't know how to spend all of the money that you have taken from the Jockeys' Guild.

I will yield back, Mr. Chairman.

Mr. WHITFIELD. Thank you, Dr. Burgess. I think all of us after listening to this testimony are quite really—I am not sure frustrated is the right word, but taken aback, really.

I have read so much testimony, Dr. Gertmenian, about a comment you have made to people—and we know that you have your MBA. We know you have your Ph.D. We know you are well educated. As Mr. Donahue said, Dr. Gertmenian stated to me that, being higher educated and more intelligent, to simply trust him on these issues. So a lot of people have trusted you.

Then you have a guy like Mr. Fiss there, who at a time when a jockey has been paralyzed, with his wife, he comes and says, we are treating you as a guinea pig.

And then I don't know what Mr. Ownbey is doing. He is supposed to be the general counsel, and he didn't even know about ERISA.

So I would ask the question, do you all have a directors and officers liability policy in effect at the Jockeys' Guild for liability for the actions of the officers and directors?

Mr. GERTMENIAN. Yes.

Mr. WHITFIELD. You do. Well, that is good to hear.

Then we think about looking at these jockeys. Many of these jockeys, some of them are immigrants, some of them come to this country to pursue a dream, an ambition, a goal, people like Gary Birzer who loved riding horses, and so they are paying this \$100 a year fee and they are paying these per mount fees, hoping, expecting, with the expectation that they are going to be taken care of.

Now, Dr. Gertmenian, so you are sitting there, and we have been reading through all of this material, you have got your life insurance premiums being paid for by the Guild. You have got your health insurance being paid for by the Guild. You have got your pension that is out there, too.

Mr. GERTMENIAN. I am sorry, sir, I don't have a pension; and I don't have my health insurance paid for by the Guild.

Mr. WHITFIELD. Well, it says life insurance premiums.

Mr. GERTMENIAN. I had the life insurance but not the other two.

Mr. WHITFIELD. Family health premiums—

Mr. FISS. And the \$5 million that is in the pension plan is for the former employees.

Mr. WHITFIELD. You have a car lease that is being paid for. You have got total compensation, \$173,000, and that doesn't include the money paid to Matrix, which is another \$335,000, and we have already gone over it. Not only that, but the Guild is even paying Matrix for its real estate lease, and you are paying your daughter through Scoup and you are paying Farrell Gertmenian, you are paying Chestnut 140. And even after paying that, there is still \$183,000 not accounted for, and that is just last year.

Then, on top of that, you all have dismantled the Disabled Jockeys' Fund, which was being used to provide payments for disabled jockeys, and you are saying, well, we are going to establish an endowment fund, but we can't spend any of that money until we have \$10 million in there.

So now you and all of your friends, you are getting plenty of money, and the jockeys do not have on-track catastrophic coverage, and the Disabled Jockeys' Fund is depleted. So the disabled jockeys are not receiving any benefit, except what you all decide to pay them through the operations account at the Guild.

Then the lack of minutes at the directors meetings, the lack of approvals, the lack of notice—I mean, it really is the height of irresponsibility, and it appears to be a calculated effort to mislead people for personal monetary gain. That is the only way I can walk away from this hearing.

Now, having said that, I recognize that there are serious issues out there that should be addressed for the jockeys. Mr. Stupak mentioned some of them and others, but I will yield to Mr. Stupak.

Mr. STUPAK. Thank you, Mr. Chairman.

Well, we have certainly spent some time today talking about the Birzers and Gary's serious industry.

Can anyone tell me how many jockeys suffer catastrophic injuries each year? Can anyone tell me that?

Mr. FISS. How many jockeys? Well, there is no real average—three, four.

Mr. STUPAK. Okay. And how many permanently disabled riders are there?

Mr. FISS. That are helped by the Guild? The total is 55. Per year, one and a half.

Mr. STUPAK. And of those, how many are like Mr. Birzer, with no help, no insurance coverage? How many are like Mr. Gary Birzer?

Mr. FISS. I don't understand the question.

Mr. STUPAK. Well, Mr. Birzer really doesn't have any coverage from the Guild, or very limited coverage from the Guild, because the insurance policy wasn't there. Do you have other jockeys like him who have been injured catastrophically and are not covered by the Guild's insurance policy?

Mr. FISS. Yes, Remi Gunn, for example, injured at Ellis Park in August 2003, almost a year before Gary Birzer, in Mr. Whitfield's district. She did not have catastrophic accident insurance. She is currently suing Churchill Downs. That is one example.

Shannon Campbell—

Mr. STUPAK. Did she think she had insurance coverage through the Guild?

Mr. FISS. No.

Mr. STUPAK. Did she ever have insurance coverage through the Guild?

Mr. FISS. Excuse me?

Mr. STUPAK. Did she ever have on-track insurance coverage from the Guild?

Mr. FISS. I suppose she did. I don't know what her membership date is, but I suppose she did, if she was a member of the Guild during that 2001—April 2001-April 2002 period.

Mr. STUPAK. You believe, don't you, Mr. Fiss and Dr. Gertmenian, that jockeys are concerned about catastrophic injuries?

Mr. FISS. Oh, definitely.

Mr. STUPAK. And you believe that jockeys are concerned about lifetime disability?

Mr. FISS. Absolutely.

Mr. STUPAK. Okay. Dr. Gertmenian—

Mr. FISS. But it is all jockeys, not just the 500 or 600 allowed to be in the Guild under the old management. It is the 1,300 jockeys that are currently in the Guild that we help recruit. It is the Hispanic jockeys that were disallowed in the Guild under the previous management.

Mr. STUPAK. Mr. Giovanni, you want to say something?

Mr. GIOVANNI. I resent that. There was nobody that was barred from the Jockeys' Guild. I don't understand what he is talking about. He is trying to say that I am prejudiced.

Mr. STUPAK. I am trying to let it go because it is not relevant to the point I am trying to get to.

Dr. Gertmenian, did you tell a reporter or did you tell Amy Birzer that you would personally provide financial assistance to the Birzers? There is an article in a—

Mr. GERTMENIAN. Yes, I—no. It is a question of the wording.

Mr. STUPAK. Did you make a representation that if things got bad, I would personally help them out?

Mr. GERTMENIAN. I said I would do personally what I could to help.

Mr. STUPAK. Did you do anything for them personally?

Mr. GERTMENIAN. No.

Mr. STUPAK. Did you tell Amy if you do provide her with any personal money, she would have to keep it quiet, that she should not publicly disclose how much you gave her, however you want to phrase it?

Mr. GERTMENIAN. I don't remember saying that.

Mr. STUPAK. Okay, did you state on a radio show, At the Races and Beyond, that the Guild was taking care of Gary Birzer's medical bills?

Mr. GERTMENIAN. That is a very absolute and complete statement, so we would have to get everything that I said to make sense out of that. But I certainly never said that all of their bills were going to get paid for. Did I say that I thought the Guild was—

Mr. STUPAK. Did you say the Guild was taking care of his medical bills? Let's leave the word "all" out.

Mr. GERTMENIAN. I have no memory of having said it just that way: Did I say that the Guild was going to help. I don't remember

the reference, and I don't remember the radio show, but it is certainly said more than once.

Mr. STUPAK. The radio people indicate that you said that.

Mr. GERTMENIAN. Said what?

Mr. STUPAK. That the Guild was taking care of his medical bills.

Mr. Chairman, I will yield back the remainder of my time. There is not much further we can go. I said my statements earlier, and I look forward to working with you on this matter.

Mr. WHITFIELD. Thank you, Mr. Stupak.

I would just say as we conclude today that—oh, Mr. Walden. Just a minute. I am going to yield to Mr. Walden.

Mr. WALDEN. Thank you, Mr. Chairman. I appreciate that. I had some other information I wanted to pursue.

Mr. Ownbey, I want to follow up. In your September 30 letter to the committee, you go through and respond to the subpoena. You are familiar with that letter?

Mr. OWNBHEY. Yes.

Mr. WALDEN. It is the one to Mr. Feddo. You go through and you kind of take each point and then you answer it.

Mr. OWNBHEY. Yes.

Mr. WALDEN. You talk about the different things that have been raised. It was the cover letter to the records that were produced. So you understand what I am working off of, right?

Mr. OWNBHEY. Yes.

Mr. WALDEN. On number 5, it says, "That the Guild and Dr. Gertmenian were under investigation for wrongdoing by the Department of Labor, DOL, and States that provided money to be used for jockeys' health."

Then it says, "A," and this I assume is your answer to that allegation, "The DOL made an audit and found no problems and they did not make a written report, which apparently is its practice."

Then, "B, Delaware and California both investigated complaints and audited the Guild and both found no problems. They also did not make a written report, which apparently is their practice as well."

"C, I have not been told the committee sought any confirming informing from those entities."

I am just reading what is here.

Can you talk to me about those audits from Delaware, California and the Department of Labor?

Mr. OWNBHEY. Well—

Mr. WALDEN. What did they show?

Mr. OWNBHEY. What they did is they came in—I think the Department of Labor was there a couple of days, California has been in a few times.

Mr. WELDEN. Delaware?

Mr. OWNBHEY. Delaware, I believe, also. Is that right, Albert?

Mr. FISS. I don't think they came physically to the Guild office, no.

Mr. OWNBHEY. No. But they asked information that was given to them in Delaware, and I think there were hearings in Delaware, were there not?

Mr. FISS. No.

Mr. OWNBEY. Well, anyhow, the process was, apparently these people, if they are dissatisfied, they proceed further. If they are satisfied that we have properly answered their questions and we made everybody available to them, then they don't give a report. Now I don't know why that is the practice, but that appears to be the practice.

Mr. WALDEN. But what you are saying in this letter is that the Guild was audited by Delaware, California and the Department of Labor.

Mr. OWNBEY. I would expect administrative agencies to do that.

Mr. WALDEN. I understand that. But I am just trying to clarify what your letter says.

Mr. OWNBEY. That is what it said.

Mr. WALDEN. Okay, that they were audited.

Can you turn to Tab 64 in our book? Because, you see, we followed up with those folks. You will see to Delaware Thoroughbred Racing Commission. It says, electronic mail from Mr. Tom Feddo regarding request for information regarding Jockeys' Guild response to recent Subcommittee on Oversight and Investigations' subpoena for records and the Guild's counsel's response claiming that Delaware and California both investigated complaints and audited the Guild and both found no problems.

Our request also included whether or not the State of Delaware since the year 2000 ever itself audited the Guild in respect to the funds provided, the state of the Guild or in any other respect.

I shared this e-mail transmission with the chairman of the Delaware Thoroughbred Racing Commission, Dr. Bernard Daney, who also serves as ex-officio member of the Delaware Jockeys' Health and Welfare Benefit. He comments as follows: "as you know, we have never examined any documents nor have we had any accounting firm or law firm examine any documents of the Guild."

That is Delaware. You can read the rest of his comments there.

Tab 65, I believe, is the response that we received from the Department of Labor, from Sheila Greenwood, dated October 17: "the Department of Labor has never audited the Jockeys' Guild, and no report of an audit has ever been issued. In May 2005 DOL concluded the Guild is not a labor organization for purposes of the LMRDA because it is composed of independent contractors and therefore the Jockeys' Guild is not subject to DOL enforcement."

Tab 66—no, I am sorry, Tab 64. Tab 64 is from Richard—I am sorry, Tabs 63, 64 and 65, Richard Shapiro in the same response. "Tom, I have checked with our staff. To my personal knowledge, California Horse Racing Board has never conducted any audit of the Jockeys' Guild."

Now, Mr. Ownbey, you just testified that audits were done. In your letter to us, you say audits were done.

Mr. OWNBEY. Well—

Mr. WALDEN. Were audits done or weren't they?

Mr. OWNBEY. I have been with the California Horse Racing Board. We have talked about audits. They have wanted to take audits. They have come to the office and spent time. It sounded like a duck to me.



Mr. WALDEN. "Delaware and California both investigated complaints and audited the Guild and both found no problems." That is your letter to us.

Mr. OWNBHEY. That is my letter.

Mr. WALDEN. Delaware, California and the Department of Labor—

Mr. OWNBHEY. Delaware, I was mistaken.

Mr. WALDEN. What about the Department of Labor?

Mr. OWNBHEY. Now, the Department of Labor is an interesting situation. The Department of Labor has been accepting our LM-2 reports since—what—1998 or 1997, before we were a part of it. They did conduct an audit.

Mr. WALDEN. Can you provide that for the committee?

Mr. OWNBHEY. They conducted an audit, but they did not provide us with any. We have asked for it, and they gave us no response.

Mr. WALDEN. Who did you ask?

Mr. OWNBHEY. Whoever was conducting it at the time they left. I wasn't the person who asked the question.

Mr. WALDEN. Would your records reflect who you talked to at the Department of Labor?

Mr. OWNBHEY. Well, I wasn't the individual who talked to the Department of Labor.

Mr. WALDEN. I thought you just said you were.

Mr. OWNBHEY. No.

Mr. WALDEN. I am sorry.

Mr. OWNBHEY. Let me back up. The Department of Labor has jurisdiction, accepted jurisdiction as long as 1998. They have been accepting LM-2 reports. On one occasion, we were late. They fined us. We paid the fine. They at some point in time sent people to California that spent time looking at our books. That would seem to me—

Mr. WALDEN. When did that occur?

Mr. OWNBHEY. Was it a year ago?

Mr. WALDEN. Mr. Fiss, Dr. Gertmenian, when were you audited by the Department of Labor?

Mr. OWNBHEY. Somebody came out here. Gevork is the man who would know that. He is the one who spends time with them.

Mr. WALDEN. Mr. Ownbey, with all due respect—Dr. Gertmenian—

Mr. GERTMENIAN. I don't know the date.

Mr. WALDEN. Do you remember them doing it?

Mr. GERTMENIAN. Oh, yes, and twice.

Mr. WALDEN. Twice. And they produced an audit?

Mr. GERTMENIAN. Well, the definition of an audit is my problem.

Mr. WALDEN. All right. Well, let me move on.

Mr. OWNBHEY. The point being there they were there. They were looking at the books. I call that an audit. They do not make a practice of giving it.

Mr. WALDEN. You told us Delaware and California investigated—

Mr. OWNBHEY. I was wrong about Delaware. I was right about California, and I was right about the Department of Labor.

Mr. WALDEN. Well, that is not what California tells us.

Mr. GERTMENIAN. In California, the executive director of the California Horse Racing Board actually made a public statement which was in fact reported in the publications.

Mr. WALDEN. Do you have copies of these, of their audits?

Mr. GERTMENIAN. I don't. But I remember—

Mr. WALDEN. Because your counsel is telling us that you were investigated, you were audited, and there were no problems found.

Mr. GERTMENIAN. That is right.

Mr. OWNBAY. And no paper given. That is the problem.

Mr. GERTMENIAN. But there was a public statement made that was quoted in the newspaper.

Mr. WALDEN. All right. Let me move on, because I am about out of time. I want to go to the issue of the Matrix board. Do you have a Board for Matrix?

Mr. GERTMENIAN. No.

Mr. WALDEN. Is it a C corp or an LLC?

Mr. GERTMENIAN. Yes. Mr. WALDEN. So are you President, Secretary, Treasurer?

Mr. GERTMENIAN. Yes.

Mr. WALDEN. You are everything. Okay. And there are no employees?

Mr. GERTMENIAN. That is correct.

Mr. WALDEN. In your tax—I assume I can talk about this, right? In the binder is the tax return from 2004 that shows an income for Matrix of \$509,669; and when it talks about business activity, it lists the business activity as investments and product or service as investment counseling.

Then on the Federal statement for Matrix Capital Associates, Inc., it talks about deductions in auto and truck for \$36,933; legal and professional, \$245,722. It is Tab 56. There is officer life insurance premiums.

I assume you are familiar with this. Did you sign these tax returns?

Mr. GERTMENIAN. Yes.

Mr. WALDEN. So let's go back to what Matrix does. What does Matrix really do?

Mr. GERTMENIAN. Primarily we are now committed to helping the jockeys.

Mr. WALDEN. What were you committed to do in 2004 when—the year this tax return was filed?

Mr. GERTMENIAN. Primarily to help the jockeys.

Mr. WALDEN. And what was that help? What did Matrix do to help the jockeys during that period?

Mr. GERTMENIAN. We conducted nationwide teleconferencing and committee leadership to identify the problems of jockeys. We wrote up rather, we think, clear descriptions of these problems. We presented them to various State boards and to the TRA, to the national regulators, to everyone who would listen.

I can tell you, track managers, that the only thing and what I said to everyone that I talked to about this was, look, here is a list of problems. Pick some and let's get started with the improvement. The TRA's only—

Mr. WALDEN. Okay, but is that investment counseling?

Mr. GERTMENIAN. The only thing they were willing to do was to agree that the jockeys could have a bulletin board. Everything else that we listed, they simply said no.

Mr. WALDEN. I understand there are all these problems with the industry, and I have learned a lot today about those and feel there are certainly problems.

Mr. GERTMENIAN. Well, you asked me what we did, and we were primarily concerned with making sure we were clear, Congressman, on what all these problems were.

Mr. WALDEN. Is that all the revenue that came in to Matrix from the jockeys?

Mr. GERTMENIAN. Most of it.

Mr. WALDEN. "Most of it" being what?

Mr. GERTMENIAN. Most of it is from the jockeys.

Mr. WALDEN. The \$509,000?

Mr. GERTMENIAN. It probably was less than that.

Mr. WALDEN. What would the other money come in from?

Mr. GERTMENIAN. Any other project that anybody who works—like a consultant might pay to the Guild, pay to Matrix.

Mr. WALDEN. Did you have other clients in 2004?

Can he answer that question, Mr. Chairman?

Mr. GERTMENIAN. Yeah, I am just trying—I don't want to sound ignorant to you.

Mr. WHITFIELD. He testified that he had no other clients.

Mr. GERTMENIAN. I think that I have misspoken. There were 2 or 3 others that have paid, and they were such—they were so unimportant in terms of my concerns, Mr. Chairman, and I really wasn't focusing on that. But when you mentioned the figure 500, when in fact the payments were less, then clearly there were other incomes, and I wasn't focusing on those.

Mr. WALDEN. What about the assets that were placed in service during 2004 with a class life of 40 years and 12 years? It says on the tax return, section C, assets placed in service during 2004 tax year using alternative depreciation system, 12 years, 4 years. Was there any of that? Maybe not.

You had rental property, right, in Matrix, inside Matrix?

Mr. GERTMENIAN. No.

Mr. WALDEN. No. Maybe I am just reading it wrong.

Mr. WHITFIELD. I thought that the Guild was paying Matrix for rental property. You testified earlier—what is Chestnut 140?

Mr. GERTMENIAN. We pay rent for the rental property, and the Guild pays us. So we are the—

Mr. WHITFIELD. So the Guild pays you, and you pay that?

Mr. GERTMENIAN. Correct.

Mr. WHITFIELD. Who owns that property?

Mr. GERTMENIAN. The lady's name is Ruth Fascia.

Mr. WHITFIELD. Who is Jamie Hall?

Mr. GERTMENIAN. Jamie Hall works at the Guild.

Mr. WHITFIELD. Does she live in one of those apartments?

Mr. GERTMENIAN. The apartment is made available for people who are coming from out of town, the jockeys.

Mr. WHITFIELD. Is she from out of town?

Mr. GERTMENIAN. Well, she came from Kentucky, yes; and sometimes she is there and sometimes she isn't. Sometimes they will come in from out of town. They will need a place for them to stay.

Mr. WHITFIELD. But the Guild rents that from Matrix, and Matrix—

Mr. GERTMENIAN. No, it does not. It rents it directly from the provider of that.

Mr. WALDEN. There is a line 16 here on deductions of \$47,265 for rent that Matrix paid, or at least claimed the deduction. Who did you pay rent to? Did you pay rent to the Jockeys' Guild? You have told us that Matrix was collocated with the Guild, so did you pay the Jockeys' Guild the rent? Who got this \$47,265?

Mr. GERTMENIAN. Congressman, I am sorry. I really don't understand that. I signed it.

Mr. WALDEN. Do you have a sub-lease?

Mr. GERTMENIAN. We have no lease.

Mr. WALDEN. This is like the 2004 tax year. This is last year. You don't know who you paid rent to out of the company you are the sole owner of for which you have no employees and you show \$47,000 in rent payments? And you don't know who you were renting from?

Mr. STUPAK. Mr. Walden, if I may, we wrestled with this, too; and the only thing we can come up with is it looks like the 47, whatever you have listed there, was almost \$48,000. But the Jockeys' Guild paid them \$96,000, and therefore that big difference is almost a profit that you are quoting there. The Jockeys' Guild paid you rent, \$96,000—I'm sorry, an allocation for rent of \$96,000?

Mr. GERTMENIAN. Give me a second.

Oh, that is the rent on the Chestnut property. Excuse me. Let's just do the math. I didn't do it. I should have done the math.

Mr. STUPAK. We did. I am not even a professor of economics. Thanks.

Mr. WALDEN. So let me understand it then. Who pays who rent then? The Guild? The Guild pays Matrix rent?

Mr. GERTMENIAN. Correct.

Mr. WALDEN. And then you pay the Guild rent? Matrix pays the Guild?

Mr. GERTMENIAN. The Guild pays Matrix, and Matrix pays the landlord.

Mr. WALDEN. I see. I see.

Mr. WHITFIELD. But Matrix holds the lease.

Mr. GERTMENIAN. There is no lease.

Mr. WALDEN. I thought I read somewhere there was like up to a 10-year lease agreement you have for up to \$97,000 a year. What is that for?

Mr. GERTMENIAN. Correct.

Mr. WALDEN. Is that the Guild?

Mr. GERTMENIAN. Please allow me, Mr. Congressman, to explain.

Mr. WALDEN. Sure. Help me out here.

Mr. GERTMENIAN. When we first went aboard to help, we didn't see how they could ever afford us or any of the people we were bringing. We asked them, and we tried to find ways to be creative so that, in the long run, if we were successful, there would be some way to compensate all of the people that were going to help.

One of the things that was put into place was that, if it all worked out, that they would sign a 10-year agreement on a building that I would buy and lease back. But after a year or 2, we agreed, and it could have been 3 years—

Mr. WALDEN. That would have been part of your compensation package when you came in.

Mr. GERTMENIAN. Yes. After 2 or 3 years we agreed that it was no longer necessary, and so that piece of the agreement was never put into place.

Again, the Board and I—I suggested it and the Board accepted the idea that this was no longer necessary, that we were being adequately compensated. So that end result, that long-term way to help, was simply not needed nor enforced.

Mr. WALDEN. Okay.

Mr. GERTMENIAN. I think this is the reason people keep talking about a lease. It is because in the original agreement we had that in there. It is just that it never was actuated, if you will allow me to use that word.

Mr. WALDEN. One final question, and that is, because a lot of this gets back to what happens at the Board level, who do you charge with keeping the minutes of the Board meetings?

Mr. GERTMENIAN. The Secretary.

Mr. WALDEN. And who is that person?

Mr. GERTMENIAN. Today?

Mr. WALDEN. Who has it been? Is there some multiples?

Mr. GERTMENIAN. Yes. It changes every year.

Mr. WALDEN. It changes every year?

Mr. GERTMENIAN. Whoever they elect.

Mr. WALDEN. So a member of the Board keeps the minutes? Not a staff person?

Mr. GERTMENIAN. We do assist them when they do teleconferencing. We try to assist them and make sure that somebody from an official—what do you call it—from a professional note-taking body helps them.

Mr. WALDEN. Who is that person? Was that person ever your daughter with the MBA?

Mr. GERTMENIAN. No.

Mr. WALDEN. Okay. So she didn't keep the minutes. So it wouldn't be an employee of the Guild that keeps minutes?

Mr. GERTMENIAN. No.

Mr. WALDEN. Did you have a comment you wanted to make on this issue?

Mr. COLTON. I was the Secretary.

Mr. WALDEN. Did you keep the minutes then?

Mr. COLTON. For me to try to keep minutes as I am participating in the meeting and need to speak, there is no way I can do it. I asked repeatedly to have the meetings mechanically recorded; and, you know, that was time, effort and money that we didn't have.

Mr. WALDEN. Mr. Giovanni, how were minutes kept when you were running it?

Mr. GIOVANNI. We used to record everything, and then we would have the minutes drafted from the recording.

Mr. WALDEN. That is sort of a standard procedure?

Mr. GIOVANNI. Yes, sir.

Mr. WALDEN. Thank you, Mr. Chairman.

Mr. WHITFIELD. Maybe it is better for people not to know what is going on sometimes.

Anyway, we are going to bring this hearing to a conclusion. We have a vote on the floor.

It has been quite enlightening, and I dare say I have serious doubts and do not believe that jockeys today are any better off under this leadership. All the mechanisms that you all have going of compensating various people, with minutes not being recorded accurately, without notices being given, it is pretty discouraging. But we are going to have another hearing, and we are going to bring in some other groups. We are going to pursue this matter.

With that, the hearing is adjourned.

[Whereupon, at 5:45 p.m., the subcommittee was adjourned.]

[Additional material submitted for the record follows:]

Ex. #	Description	Date
<i>John Giovanni and 2001 Takeover</i>		
1	1990 National Manager's statement from John Giovanni, re. New York Injury Compensation Fund	Aug./Sep., 1990
2	Survey of Support for Affiliation of the Guild With a National Labor Organization (from April 2001)	undated
3	Guild membership numbers, as of May 31, 2001 (from previous Guild management's computer records)	5/31/01
4	Summary of Points Decided at Executive Board Meeting, April 2 & 3, 2001	4/2&3/01
5	"Notice of Action by Written Consent Without Meeting of Executive Committee," re. termination of Giovanni and staff	6/15/01
6	Public announcement from Guild, re. resignation of Giovanni and termination of his staff	6/18/01
7	Letter from Chris McCarron to members, re. Giovanni's retirement	6/19/01
8	Letter from Pat Day to Executive Committee members, re. "The Written Consent Without Meeting"	undated
<i>Guild Documents and Financials</i>		
9	Jockeys' Guild By-Laws, as of June 1, 1995	6/1/95
10	Jockeys' Guild By-Laws, as of December 2004	12/1/04
11	"TRA and Jockeys' Guild Reach Three-Year Agreement"	12/9/99
12	Reassignment by Guild of Certain Television, Off-Track Betting and Other Rights of Jockeys	1/1/00
13	Jockeys' Guild Financial Statements, 2001 and 2002	11/5/03
14	Jockeys' Guild Financial Statements, 2003	12/1/04
15	Jockeys' Guild Return of Organization Exempt from Income Tax Form 990, 2001	
16	Jockeys' Guild Return of Organization Exempt from Income Tax Form 990, 2002	
17	Fax from Gevork Asatryan to Lloyd Ownbey, re. "Guild Employee Annual Compensation 1999-2003"	6/29/05
18	Jockeys' Guild Balance Sheet and Income Statement, 2004	
19	2002 Expenses for Human Capital from Quickbooks	3/15/03
20	Miscellaneous Guild balance sheet and account summaries, 1997-2004	

21	Guild's Form LM-30 Labor Organization Officer and Employee Report, 2003	2/10/05
22	Guild's Form LM-2 Labor Organization Annual Report, 2001	2/19/04
23	Guild's Form LM-2 Labor Organization Annual Report, 2002	2/19/04
24	Guild's Form LM-2 Labor Organization Annual Report, 2003	12/22/04
25	Bank of America bank statement from Guild's main operating account, June 1 through June 30, 2005	6/30/05
<i>Guild Insurance and Health and Welfare Funds</i>		
26	Life Insurance Company of North America, Blanket Accident Policy	4/1/01
27	Letter from Albert Fiss to Tim Smith, Commissioner, NTRA, re. expiration of Guild's excess on-track accident insurance	3/29/02
28	A Group Insurance Policy between The Union Labor Life Insurance Company and Jockeys' Guild, Inc.	4/1/97
29	The Jockeys' Guild Member Health Plan information	12/20/01
30	Letter from Stephen Rice to John Van de Kamp, Pres., Thoroughbred Owners of California, re. "Health Insurance Premiums"	3/2/04
31	The Jockeys' Guild Benefits Plan, 2005 - relevant sections	1/1/05
32	Jockeys' Guild Schedule of Delaware Jockeys' Health and Welfare Costs, Six Months ended June 30, 2005	8/23/05
33	Jockeys' Guild Schedule of California Jockeys' Health and Welfare Costs, Twelve Months ended December 31, 2004	3/5/05
34	Jockeys' Guild Welfare Benefits Plan Form 5500 Annual Return, 2003	
35	Interoffice Memo from Robert Colton, re. "Member Benefits Cancellation Policy & Overdue Accounts"	3/19/03
36	Guild spreadsheet of members' health insurance premiums accounts, as of March 1, 2005 (numbers in parentheses in "Balance" column represent positive balances)	
37	Email from Rosy De Sanctis to Guild employees, re. denied health coverage claim	11/10/03
38	Minutes of the Delaware Jockeys' Health and Welfare Benefit Board Meeting, Thursday, July 21, 2005	7/21/05
39	Jockeys' Guild Members Benefits Information Page	undated
40	The Jockeys' Guild Tools, Challenges, and War Plans	undated
<i>Disabled Jockeys' Fund</i>		
41	Trust Agreement governing the Disabled Jockeys Fund	7/1/90



42	Disabled Jockeys' Fund IRS Form 990 Summary, 1997-2002	undated
43	Disabled Jockeys' Fund Return of Organization Exempt from Income Tax Form 990, 2001	7/2/02
44	Disabled Jockeys' Fund Return of Organization Exempt from Income Tax Form 990, 2002	11/20/03
45	Disabled Jockeys' Fund Return of Organization Exempt from Income Tax Form 990, 2003	6/10/04
46	Disabled Jockeys' Fund Return of Organization Exempt from Income Tax Form 990, 2004 (submitted on 2003 form)	9/19/04
47	Letter from Stephen Rice to Marc Shultz, re. "Questions Regarding Disabled Jockeys' Fund (12/31/2002)	9/24/03
<i>Matrix Capital Associates and Dr. Gertmenian</i>		
48	2001 Agreement between Jockeys' Guild and Matrix, Inc.	6/25/01
49	2004 Agreement between Jockeys' Guild and Matrix, Inc.	12/1/03
50	2005 Agreement between Jockeys' Guild and Matrix, Inc.	12/7/04
51	Fax from Stephen Rice to Tomey Swan, re. "Matrix invoices"	7/14/03
52	Jockeys' Guild Miscellaneous Income IRS Form 1099 for 2002, re. payment to Matrix Capital Associates	
53	Letter from Steve Blitz to the Guild's Board of Directors, re. proposed contract extension with Matrix	undated
54	Matrix Form 1120 Income Tax Return, 2001	
55	Matrix Form 1120 Income Tax Return, 2002	
56	Matrix Form 1120 Income Tax Return, 2003	
57	Matrix Form 1120 Income Tax Return, 2004	
58	Matrix Expense Report for Guild-related expenses, June 2001 - December 2004	9/1/05
59	Gertmenian's resume, from University of Pepperdine Website	undated
60	1974 Washington Post article, "New Agreements Build on Existing Projects"	6/29/74
<i>Robert Colton</i>		
61	Letter from Robert Colton to Tomey Swan, re. concerns of fraud and lacking financial accountability	6/1/03
62	Letter from Robert Colton, re. concerns with Guild's finances and management	4/25/03
63	Fax from Tomey Swan to Jockeys' Guild Board of Directors, re. creation of a Financial Committee of the Board	3/24/03
<i>Accounting and Transparency Issues</i>		

64	Email from Richard Shapiro, Commissioner, California Horse Racing Board, to Committee staff, re. audits of the Guild	10/15/05
65	Memo from John Wayne, Exec. Dir., Delaware Thoroughbred Racing Commission, to Committee staff, re. audits of the Guild	10/14/05
66	Email from Sheila Greenwood, Dept. of Labor, to Committee staff, re. audits of the Guild	10/17/05
67	Letter from Chris Scherf, Executive Vice President, TRA, to Committee staff, re. on-track accident coverage	9/13/05
68	Email from Mark Mathias to Stephen Rice, re. California and Delaware health insurance claims	1/9/04
69	Email from Jenny Arnold to Dana Piazza, re. Jockeys' Guild health and welfare funds	1/6/04
70	Email from Lisa Haley to Stephen Rice, re. office rental	5/20/03
<i>Disabled Jockeys' Endowment</i>		
71	Disabled Jockeys' Endowment By-Laws, as amended May 2005	
72	Bank of America bank statement from Disabled Jockeys' Endowment, re. initial deposits from the Guild	6/16/03
73	Email from David Woodcock to Gertmenian and others, re. concerns with the Endowment	2/12/05
74	Email from David Woodcock to Farrell Gertmenian, re. the Endowment	8/25/03
75	Email and attached file from David Woodcock to Stephen Rice, re. "Keeneland expenses"	10/10/03
76	Email from David Woodcock to Stephen Rice, re. travel reimbursement	10/16/03
77	Forwarded email from David Woodcock to Guild staff, re. Endowment	6/17/03
78	Email from David Woodcock to Fern Lee, re. concerns with the Endowment	6/24/03
79	Emails from Barry Broad and David Woodcock, re. concerns with the Endowment	1/12/05
80	Emails from Peter Michel to Gertmenian, re. "Impact of Communications Strategy on the Endowment"	10/12/04
81	Email from Peter Michel to David Woodcock and Gertmenian, re. Endowment	10/16/04
<i>Eddie King</i>		
82	Email exchange between Tomey Swan and Eddie King, re. King's requests for financial documentation and records	May 2003 - Oct. 2004

83	Email exchange between Albert Fiss and John Wayne, re. "Follow-up on response to the King inquiry"	Sep./Oct., 2005
84	Exchange between John Wayne and Gevork Asatryan, re. "status of letter and request for funds with BB&T"	Aug. 2005
85	Email from Eddie King to Albert Fiss and others, re. harassment complaints	10/28/04
86	Letter from Eddie King to Edward Stegemeier, re. "Membership Into Delaware Jockeys Health and Welfare Fund"	1/10/05
87	Interrogatories from Eddie King and Gary Donahue's lawsuit against the Jockeys' Guild (relevant sections)	7/1/05
<i>SportsBusiness Journal Articles Written by Liz Miller</i>		
88	"House panel won't get all it wants, Jockeys' Guild attorney"	10/3/05
89	"Lawyer calls probe 'witch hunt'"	8/29/05
90	"Guild CEO: Board dropped coverage"	8/8/05
91	"Jockeys aim for state fund run by Guild"	1/31/05
92	"Tape: Churchill jockey walkout 'no accident'"	1/17/05
93	"California panel to examine Guild"	12/27/04
94	"Jockeys' Guild puts the boot to critics"	12/13/04
95	"Jockeys' Guild pushes members to sign over media rights; suit ahead?"	11/29/04
96	"NTRA names ex-Guild leaders Bailey, Day to insurance"	11/22/04
97	"Auditor raised 'red flag' over Guild's books"	11/22/04
98	"Churchill jockey ban prompts NTRA action"	11/15/04
99	"Jockeys circulate petition for Guild audit"	10/25/04
100	"Jockeys press Guild for financial info"	10/11/04
101	"Jockeys questioning insurance"	9/27/04
102	"NTRA wants jockey advertising issue on fast track"	5/14/04
103	"Finances put jockey guild in turmoil"	7/9/01



## NATIONAL MANAGER . . . JOHN GIOVANNI

### Model Legislation

We scored a major hit with the racing package signed into law by New York Gov. Mario Cuomo July 2. One of the provisions authorizes the creation of a not-for-profit corporation to be called the New York Jockey Injury Compensation Fund, Inc. The Jockeys Guild was solidly behind this legislation. We felt it was important for a number of reasons.

One of the biggest problems is when jockeys get hurt there is not enough money coming in for them to exist. They have no alternative but to sue, and there are more and more law suits all of the time. Litigation does not require up-front money because lawyers take cases on a contingency basis. They sue an owner, sue a trainer, sue a racetrack; they don't care, they're out to collect money for their clients and themselves.

When this happens, the cost of insurance goes up. Win or lose, the cost of litigation affects premiums.

In the states in which workers' compensation is in effect, it must be purchased by both the owner and the trainer and it must cover the jockey. It is extremely expensive.

But there is a way to provide the coverage for jockeys and exercise riders and it can be done inexpensively. The New York legislation proves that.

The Omnibus Racing Bill provides for a workers' compensation fund that makes all jockeys and all exercise riders employees of the fund. The cost to participate is estimated to be between \$150 and \$175 per year per owner and per trainer. Everyone who races in the State of New York pays into the fund. It makes no difference if he has one horse or 100, starts once or 100 times, the cost remains the same.

The coverage provides protection for every licensed jockey and every licensed exercise rider who is injured at the racetrack.

I am told that, right now, owners and trainers are paying 8.5 percent of their total payroll for workers' compensation coverage. You don't have to be a mathematical genius to figure out \$175 is a great savings.

Another benefit is that jockeys and exercise riders are guaranteed coverage. Before the legislation, say a trainer has 10 horses and one of them is a pretty bad actor that his exercise rider cannot handle. So the trainer hires a freelance exercise rider and that rider gets hurt. How is he covered by workers' comp under the system? He's not. He is considered an independent contractor with no coverage. His only recourse is to sue for liability.

Another prime example is Michael Venezia. Michael was killed in a spill at Belmont Park in the fall of 1988. The owner he rode for, and the trainer he rode for, both complied with the laws and regulations; they had both purchased workers' compensation coverage that

specifically stated the jockey was covered.

Michael's widow applied for the benefits under that policy but her claim was denied by the insurance company. The company said even though the policy stated the jockey was covered, the coverage includes only jockeys who are employees and Michael, in the opinion of the insurance company, was not employed by either the owner and/or trainer; he was an independent contractor. As such, he was not eligible for any benefits.

To this day, the case is still in litigation but we have every reason to believe Mrs. Venezia will prevail.

When you analyze this situation, you see all of the wasted dollars. The owner and the trainer, by regulation, are forced to purchase coverage, but the insurance companies refuse to pay the benefits any time they can avoid it. When they refuse to pay, the result is litigation. Ultimately, the insurance company bills the cost of the litigation back to the owners and trainers who they are ripping off in the first place.

The New York legislation precludes all of this from happening. It provides the coverage at a very reasonable rate for the horsemen. It provides the protection necessary for the jockeys and exercise riders and does so at a very reasonable rate.

And most important, it precludes unnecessary litigation. All that is necessary to collect the benefits is to prove you have been injured at a racetrack. The accident can be witnessed by one other person or 50,000.

We are very proud of our accomplishment in New York. We worked very, very hard. I would like to say a special thanks to Brian Meara, our lobbyist; and to Martin Minkowitz, our lobbyist/attorney, who authored of the legislation. They worked tirelessly and their efforts are greatly appreciated.

We now have a model piece of legislation, a model law, that we hope to take to every other racing state in the United States.

## NEW MEMBERS

June 1990

Michael G. Barnes  
Omar A. Berrio  
Eli John Clemens  
Wendy Karen Dean  
Angel R. Felix  
Nathaniel J. Hubbard  
Anthony W. Locke  
Pedro G. Mercado  
Frank Olivares  
Efrain Ortiz  
Jacquelyn Ranallo  
Eduardo E. Rojas (reinstated)  
Mario O. Vasquez

## THE JOCKEY NEWS

is published by The Jockeys' Guild, Inc.  
for and about its members.

### OFFICERS

Jerry D. Bailey  
*President*  
John Giovanni  
*National Manager/Secretary*  
Edward Maple  
*Vice President Eastern Section*  
Jerry Nicodemus  
*Vice President Western Section*  
Larry Snyder  
*Vice President Central Section*  
Patrick Day  
*Treasurer*

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Edward Arcaro  
Kenneth K. Clark  
R.D. Hubbard  
Daniel L. Ritchie  
William Shoemaker  
David Werblin

### MEDICAL ADVISOR

Dr. Robert K. Kertan

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Edward Maple  
Richard Migliore  
Donald A. Miller Jr.  
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*Central Section*  
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Earlie Fires  
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Dean Katz  
John Lively  
Larry J. Melancon  
Larry Snyder  
Charles Woods  
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Daniel Cavlosa  
Eddie Delahoussaye  
Kenneth Hart  
Christopher McCarron  
Jerry Nicodemus  
Laffin Pincay  
Gary Stevens

### REGIONAL MANAGERS

Taylor Powell  
Charles Covilla  
John Beech  
Ronald Banks  
Peter Bourmas  
Mickey Solomon

### OFFICE MANAGER

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### EDITOR

Patricia Thornton

Stories, photographs and articles for this publication are welcome and encouraged. Send submissions to:

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SUMMARY OF POINTS DECIDED  
AT EXECUTIVE BOARD MEETING  
APRIL 2 & 3, 2001

1. The recent changes in the Guild's programs require a substantial increase in the quantity and quality of communication with the membership about the challenges and opportunities facing the Guild and its membership. We will make use of the membership communication committee established at the 2000 annual meeting.
2. The Guild operating budget (not including any investment earnings) for the first part of 2001 is expected to experience a loss of \$321,803 because of the adverse experience in the first 3 months of the year. The budget for the last 9 months with the new insurance programs shows a surplus of \$142,000 for a net loss for 2001 on operations of \$170,671.
3. The Board received a report on the COBRA benefits being offered to all members previously covered with Guild health insurance effective April 1, 2001. The MONTHLY cost is \$283.25 for single coverage and \$640.09 for family coverage. The premium must be paid each month on the first day of the month and can be paid in advance. There is a 30 day grace period. If someone fails to pay the required monthly premium within the 30 day grace period, their insurance will be automatically cancelled. They will not receive any written reminders of the obligation to make the monthly payments. COBRA eligibility lasts for a maximum of 18 months.
4. Effective April 1, 2001 those Guild members paying dues of \$20 per year plus \$3 per month will be entitled to the insurance coverages set forth on the attached sheet.
5. To address the problems of inadequate revenue which caused the termination of the Guild's health insurance plan, the Executive Committee decided upon the following program:
  - A. Intensify efforts now underway in several states to obtain legislative funding like in California and Delaware so that the Guild can once again institute a program of insurance.
  - B. Increase the Guild's ability to gain legislative relief and improve our clout at the bargaining table with the industry by exploring affiliation with a larger national labor organization.
  - C. Improve the functioning of the Guild by bringing in a management consultant to review the policies and procedures the Guild utilizes to fulfill its mission.

6. To improve the cost efficiency and effectiveness of the Guild staff and in recognition of the need for all participants in the Guild to share the problems associated with the funding crisis, the Employee Pension Plan is frozen. All managers and staff will no longer be able to earn benefit credit under this plan. The cost to managers is as much as \$14,000 per year. The staff will now also contribute to the cost of their medical insurance.
7. The Board strongly felt that changes need to be made in the manner in which the Guild operates and approaches the rest of the industry. After a long discussion of the Guild's operations, the Committee unanimously voted to express their confidence that National Manager John Giovanni would be able to lead the Guild through the changes that needed to be made. The Board also voted to retain the current managers with the direction that spending and travel policies be tightened up considerably to ensure that member's dollars are being well spent. The Committee also voted to require managers to periodically report to the Committee summaries of their activities on behalf of the Guild.
8. As noted above, the Committee discussed at length the advantages and disadvantages of affiliating with a national labor organization. The consensus was that there were many advantages and the Committee intends to continue to explore this possibility.
9. The Committee received a report from a lawyer who has previously represented the Major League Baseball Players Association and discussed the steps we would need to take to achieve the level of unity among riders in our industry that the baseball players were able to utilize to obtain huge increases in benefits and salary from major league baseball. The Committee discussed specific strategies to dramatize the need for relief for jockeys and resolved to investigate the subsidies given to organizations representing other sectors of the industry such as trainers, owners, breeders etc. We intend to develop a program of the benefits we could offer to members if we had the same level of support from the industry.
10. Committee members summarized their sense of the meeting as
  - Highly constructive
  - The Guild is taking all necessary steps to stream line and improve the operations of the Guild
  - We are looking into affiliating with another labor organization.
  - We are making the substantial changes in the Guild's programs to allow it to continue as the voice of jockeys in the world of racing
11. With respect to Life Insurance for \$3 members, the Committee decided that a new



member would be entitled to \$25,000 and to the new standard benefit of \$100,000 after 100 months. For retirees, the insurance offered will be \$10,000 for all retirees and the disabled will continue to be eligible for \$15,000 life insurance. The current practice of \$10,000 for clerical employees and \$25,000 for managers will be continued.

12. The Committee discussed the finances relevant to the Delaware and California Plans that are continuing. The Delaware Plan will be amended so that in addition to the \$3 month fee, a participant, member or non member, will need to pay \$600 per year for single coverage and \$1200 per year in family coverage.
13. The Committee recommended that a committee of California riders be established to consult on the terms of the California plan. The Committee is recommending that the benefits be brought in line with the costs of that plan and that our consultants be asked to review the plan and suggest appropriate changes. For the long term, we will also need to obtain additional legislative funding.

Confidential

NOTICE OF ACTION BY WRITTEN CONSENT WITHOUT MEETING OF EXECUTIVE COMMITTEE OF BOARD OF DIRECTORS OF JOCKEYS' GUILD, INC.

NOTICE IS HEREBY GIVEN that on the \_\_\_\_ day of June 2001, the undersigned members of the Executive Committee of the Board of Directors of the Jockeys' Guild, Inc., agreed to by conference call and confirmed by facsimile transmission the following actions:

- 1. All current employees are hereby terminated, effective immediately. Terminated employees are encouraged to submit an application for reemployment.
2. All employees shall continue to receive their respective wages for a period of two weeks. Severance packages will be provided for employees not rehired as soon as practicable.
3. Employee severance packages will be based upon contracts previously approved by the executive committee; relevant labor laws; length of employment; previous level of compensation; and the absence of any violation of Federal or State laws or regulations. Cooperation provided by each employee during the transition period will be considered in determining any additional amount awarded.
4. All former employees are no longer authorized, to the extent they had authority to speak for, authorize expenditures of, issue or cash checks, collect obligations due, pay liabilities of, or take any action of any kind on behalf of the Jockeys' Guild, and shall immediately cease and desist representing that they can act on behalf of the Jockeys' Guild.
5. All banks shall be notified that the existing accounts are closed effective immediately, and that distinctive new commercial and other accounts shall be opened forthwith.
6. All former employees shall relinquish all Jockeys' Guild property in their possession, including all Jockeys' Guild books, records, and ID pins, telephones, computers, and peripherals, and credit cards.
7. Matrix Capital Associates, a California Corporation, is hereby appointed as the manager of Jockeys' Guild affairs, subject to the Articles and Bylaws of the Jockeys' Guild, with instruction to take possession of the leased premises in Lexington, Kentucky and all properties of the Jockeys' Guild wherever located. Matrix Capital Associates shall be authorized to act on behalf of the Jockeys' Guild as it deems appropriate, collect all moneys due, open bank accounts, and take actions on behalf of the Jockeys' Guild consistent with the Articles and Bylaws of the Jockeys' Guild.

Dated: June 15, 2001

Dean Kutz

Jerry Bailey

Chris McCarron

Anthony Black

Mike McCarthy

Robert Colton (with signature)

Larry Melancon

Pat Day

Tomey Jean Swan

000447

*Posted on Guild Office Door 6/18/01*

### **Attention Employees of Jockeys' Guild**

Last week, Mr. John Giovanni, National Manager of Jockeys' Guild, Inc., announced his decision to retire. According to the unanimous decision by the Executive Committee of the Board of Directors of Jockeys' Guild, Inc., of June 15, 2001, Mr. Giovanni's retirement becomes effective immediately. Guild's offices will remain closed until further notice.

**All current employees are terminated effective immediately. Terminated employees are encouraged to submit written applications for reemployment.**

All employees will continue to receive their respective wages for a period of two weeks. Severance packages will be provided for employees not rehired as soon as practicable. Cooperation provided by each employee during the transition period will be considered in determining any additional amount awarded.

All former employees are no longer authorized to take any action of any kind on behalf of the Jockeys' Guild and must relinquish all Jockeys' Guild property in their possession (keys, books, records, ID pins, telephones, computers, peripherals, et. al.) Building management will gladly collect any items to be returned to the Guild.

Former employees will not be allowed into the Guild's offices; any contact with the interim management team should be made over telephone or in writing via mail or fax. Personal effects of former employees not rehired will be shipped to addresses they provide to the interim management team.

Thank you for your cooperation.

Jockeys' Guild, Inc.  
250 W Main St., Suite 1820  
Lexington, KY 40507  
Telephone: 859-259-3211  
Fax: 859-252-0938

Tab 7



June 19, 2001

Dear Fellow Guild Members:

I am so pleased to report to you that on Friday, June 15<sup>th</sup>, 2001, the Executive Committee of the Guild's Board of Directors voted unanimously to accept John Giovanni's retirement and agreed to hire Matrix Capital Associates, Inc. to manage the business affairs of the Guild.

As you know, the Guild stopped paying for health and medical benefits for all its members and families on April 1<sup>st</sup>, 2001. Since then, I have accelerated my efforts to help resolve this disastrous situation. It has been a tough year for us; we lost health insurance coverage and suffered severe financial losses. But please remember, it was the Guild that fought for ambulances on the track, the implementation of safety rails, and the receipt of riding fees through the office.

The Guild was built on a dream several decades ago, and the only way for us to fulfill that dream is to stay together. We **NEED** your support; please stay in the Guild.

Matrix Capital is staffed with the most competent, talented, and professional personnel I have ever met. However, they cannot solve the Guild's problems alone. Together, with your support and participation, we can restore health benefits for all of our families and, eventually, create a pension plan.

In closing, please join with me and the rest of the Board in pursuing the Guild's dream. Now is the time to stop cursing the darkness and light a candle.

Thank you,

Chris McCarron  
Jockey's Guild Director and Executive Committee Member

P.S. 1: Please share this letter with your family, and tell every fellow jockey that you can; **WE MUST STICK TOGETHER.**

P.S. 2: Please post this in the Jockeys room where ever you ride.

To: The Executive Committee  
Fr: Pat Day  
Re: The Written Consent Without Meeting

I have reviewed the proposed Notice of Action by Written Consent without meeting of the Executive Committee of the Guild. As written, I cannot sign it since I have many questions about the direction this resolution would take the Guild and the treatment that would be given to the many fine employees who have served the guild for many years. I believe that others on the Executive Committee also share my reservation.

In studying the Bylaws of the Guild, I realize that our telephone conference on June 15, 2001 was not a properly called meeting of the Executive Committee since neither I nor anyone else received the written notice of the meeting which is required by Article VI section 10 of the Bylaws. I believe the proposed resolution recognized this by stating that it was to be done by written consent without a meeting. Unfortunately, this type of action requires unanimous written consent of all of the members of the Executive Committee. Obviously, the resolution does not have unanimous written consent and is therefore not a binding resolution.

I strongly believe we need to have a clear statement of what we will be doing over the next months. As it is currently drafted, we are handing over all of the property of the Guild to a corporation we know nothing about. This could impose substantial legal liability upon the officers of the Guild if that money is mishandled. We need to put in place proper legal protection before any of this takes place. In the meantime, that resolution is void and Matrix Capital Associates is not appointed to any role in the Guild.

As President, I am therefore calling a special meeting of the Executive Committee of the Board of Directors for Wednesday at 8:45 pm on June 20, 2001. The agenda of this meeting will include the following issues:

1. Should the proposed written consent be adopted, rescinded or amended?
2. What protection must be put in place before any property of the Guild is placed under management of any outside entities?
3. Which employees will be terminated, if any, and what severance benefits will be paid to any terminated employees?

You may attend at my home at 14703 Isleworth Court, or by calling in the following conference call number 1-\$00-860-3035 (Jockey's Guild). I am mailing this notice to each member of the Committee on Monday, June 18 to ensure that the proper written notice is given.

Sincerely Yours,

A handwritten signature in black ink that reads "Pat Day". The signature is written in a cursive, flowing style.

Pat Day  
President

PD/sd

JOCKEYS' GUILD, INC.

BY-LAWS

By-Laws for the regulation, except as otherwise provided by statute or its Certificate of Incorporation, of

JOCKEYS' GUILD, INC.,

a New York not-for-profit corporation.



ARTICLE I

PURPOSES

Section 1. The purposes of this corporation are:

- a. To maintain the highest standards of honor, integrity and courtesy among jockeys.
- b. To at all times be mindful of the rights and interest of owners and racing associations and the supporters of the turf.
- c. To uphold the best interests of horse racing.
- d. To accumulate by contributions and dues a fund from which may be distributed financial aid as provided in subparagraph f hereof.
- e. To assist in every honorable way in furthering and protecting the interests of its members.
- f. To furnish voluntary financial aid to any member of the corporation at such items and in such amounts as the member may deserve, in the discretion of the corporation.

ARTICLE II

OFFICES

Section 1. STATUTORY OFFICE. This corporation shall at all times maintain an office within the State of New York, which shall be located in the County of New York.

Section 2. PRINCIPAL OFFICE. The principal office of this corporation shall be located in the County of Fayette in the State of Kentucky.

Section 3. OTHER OFFICES. This corporation, in addition to its statutory office in the State of New York and its principal office in the State of Kentucky, may have offices in such other state or states of the United States in which this corporation is qualified to do business as the Board of Directors may from time to time designate; provided, however, that no office maintained by an employee of the Guild solely for his own convenience in performing his functions as an employee of the Guild shall be regarded as an office of this corporation.

Section 4. REGISTERED AGENTS. This corporation shall at all times maintain a registered agent, upon whom process against the corporation may be served, in the State of New York and in any other state or states in which it has qualified to do business.

ARTICLE III

MEMBERSHIP

Section 1. CLASSES OF MEMBERSHIP. There shall be



such action to be in the best interests of the corporation. For purposes of this section and Section 7 of this Article, the term "recognized track" means a track which is located in a state where pari-mutuel wagering is legal, the races on which are charted and recorded by the Daily Racing Form, the American Quarter Horse Association or the Appaloosa Horse Club.

Section 2a. TERMINATION OF MEMBERSHIP. The national manager may terminate the membership of an active member at any time after such member has failed to hold for more than 30 days a valid license to ride thoroughbred, quarter, appaloosa or Arabian horses as a jockey or apprentice jockey in flat races in one or more states of the United States, unless such member is disabled.

Section 3. RETIREMENT. Only an active member may become a retired member. An active member shall cease to be such and become a retired member (i) on the date on which the corporation receives notice in writing from him that he is no longer actively engaged in riding thoroughbred, quarter, appaloosa or Arabian horses as a jockey in flat races or (ii) on the date on which the national manager notifies him in writing that, in the opinion of the national manager, he has ceased to be so engaged.

Section 4. RESIGNATION. An active or retired member may resign by notifying the corporation in writing of his desire to do so. He shall cease to be a member on the date on which such notice is received by the corporation.

Section 5. EXPULSION FOR INDEBTEDNESS. Any active

or retired member who fails to pay his dues, fees or assessments, or fails to repay any loan made to him by the corporation, within 15 days after the corporation demands in writing that such dues, fees or assessments be paid, or that such loan be repaid, may be expelled from membership by the national manager.

Section 6. EXPULSION FOR PREJUDICIAL CONDUCT. If any two of the president or any vice president and the national manager or the treasurer find that the conduct of any member has been prejudicial to the best interests of the corporation or injurious to its reputation, the member shall be sent by certified United States mail, addressed to his most recent address appearing in the books and records of the corporation, a written notice specifying the reason for such finding and advising him that he will be expelled fifteen (15) days after the mailing of such notice unless, within such fifteen (15) day period, he sends the secretary of the corporation, by certified United States mail addressed to the secretary at the principal office of the corporation, a written notice of appeal. Upon receiving notice of an appeal, the secretary shall send such member a copy of the record upon which the decision to expel him was based. The member may then prosecute his appeal either at a hearing in which he appears in person or in writing. If the member requests a hearing, he shall be given one by a panel of three members or alternate members of the Executive Committee chosen by the chairman of the corporation, one of whom shall be chosen from each of the Eastern Section, Central Section and Western Section of the United States

[As of 6-01-95]

and all three of whom shall be present in person. Such hearing shall be held within forty-five (45) days after receipt by the corporation of his request. The member shall be given written notice by the secretary of the corporation of the time and place of the hearing at least ten (10) days in advance thereof. At the conclusion of the hearing, the panel may, by the affirmative vote of a majority, either (i) rescind the notice of expulsion, (ii) expel the member or (iii) forward its findings and recommendations to the secretary of the corporation. If the member elects to prosecute his appeal in writing rather than at a hearing, he shall forward to the secretary, within thirty (30) days of receiving such record, a written statement of the facts and arguments upon which he relies. The secretary shall then mail copies of (i) the findings and recommendations of the panel or (ii) the record and his statement, as the case may be, to all of the regular and alternate members of the Executive Committee. In either such case, his appeal shall be reviewed at a duly called meeting of the Executive Committee, at which a quorum is at all times present, within 10 days after the secretary receives the findings and recommendations of the panel or his written statement. Any one or more members participating in the meeting may do so by means of a conference telephone or similar communications equipment pursuant to Section 6 of Article VII hereof. At the conclusion of the meeting, the Executive Committee may, by the affirmative vote of a majority, either (i) rescind the notice of expulsion or (ii) expel the member. Pending his expulsion,

the member shall retain all the rights of the members of his class, except that he shall not have the right to vote.

Section 7. READMISSION. A retired member may apply for reinstatement as an active member, and a former member who has resigned or been expelled may apply for readmission as an active member, (i) if he holds a valid license to ride thoroughbred, quarter, appaloosa or Arabian horses as a jockey or apprentice jockey in flat races in one or more states of the United States, (ii) if he has ridden at least 50 mounts in flat races of such horses at recognized tracks in the United states during the 6 calendar months immediately preceding the date on which his application for readmission is received by the corporation, (iii) if he is in good standing with the racing stewards and officials in all of the jurisdictions (both within and without the United States) in which he has ridden or been licensed to ride and (iv) if he has not retired, resigned or been expelled a total of three times. He shall become an active member again only if and when (i) his application is approved by the national manager, (ii) he has satisfied any outstanding dues, fees or other indebtedness owned by him to the corporation and (iii) he has paid his dues as an active member for the current year. The national manager may reject an application if he believes such action to be in the best of interests of the corporation.

Section 8. APPEALS. If the national manager (i) rejects an application for membership under Section 2 or 7 of this Article, (ii) terminates the membership of an active member

under Section 2a of this Article, (iii) reclassifies an active member as a retired member under Section 3 of this Article, or (iv) expels a member for non-payment of indebtedness under Section 5 of this Article, he shall mail the applicant or member, as the case may be, a written notice of his action, stating the reasons therefor. A member or applicant may appeal the action of the national manager, or the failure of the national manager to act within 90 days after he has mailed or delivered his application to the corporation, by sending the corporation, within 30 days after receiving such notice or the expiration of such 90 days, a written notice of appeal by registered or certified United States mail addressed to the secretary of the corporation at its principal office. He may submit any information he believes relevant to his appeal, but shall not be entitled to a hearing. The appeal shall be considered at the next meeting of the Executive Committee or Board of Directors, whose determination shall be final.

#### ARTICLE IV

##### DUES, FEES AND ASSESSMENTS

Section 1. DUES. Each member shall pay such dues annually as shall be fixed by the Board of Directors of the corporation in advance for members in his class of membership.

Section 2. FEES. In addition to the dues specified in Section 1 of this Article, each member shall pay a fee for each mount ridden by him at any racing meet. This fee shall be

determined in accordance with a schedule adopted by the Board of Directors and applicable to all members and shall be deducted by the horsemen's bookkeeper at each meet, who shall be reimbursed for this service in accordance with the schedule adopted by the Board of Directors. If the horsemen's bookkeeper does not deduct the fee, it shall be paid by the member directly to a representative of this corporation as may be authorized by the Board of Directors to collect such fees.

Section 3. ASSESSMENTS. The Board of Directors may, from time to time, levy on members an assessment for such sums as may, in the sole discretion of the Board of Directors, be necessary and reasonable to carry out the purposes of this corporation. All such assessments shall be due and payable to the corporation at such time or time as may be determined by the Board of Directors.

#### ARTICLE V

##### MEETINGS OF GUILD MEMBERS

Section 1. ANNUAL MEETINGS. The annual meeting of the members of this corporation shall be held at such place within or without the State of New York, at such time and on such date as shall be determined by the Board of Directors or, in the absence of such determination, by the secretary of this corporation; provided, however, that such meeting shall not be sooner than thirty (30) days after the determination of the time, date and place of such meeting. At each annual meeting of the members,

the Board of Directors shall present a report, verified by the president and the treasurer or by a majority of the directors, setting forth the information required by Section 519 of the Not-for-Profit Corporation Law of the State of New York, which report shall be filed with the records of the corporation and either a copy or an abstract thereof entered in the minutes of the annual meeting.

Section 2. SPECIAL MEETINGS. Special meetings of the members may be called by the Board, the president or any vice president or the secretary of this corporation and shall be called by the secretary upon the written request of any three members of the Board of Directors, or of one-tenth (1/10th) of the total number of active members of the corporation.

Section 3. NOTICES. Written notice of any meeting of members shall be given, personally or by mail, not less than ten (10) nor more than fifty (50) days before the date of the meeting to each member entitled to vote at such meeting. If mailed, the notice shall be sent by first class mail, postage prepaid, addressed to the member at his last known address as it appears on the records of the corporation. If the corporation has more than five hundred (500) members at the time of such notice, the notice may be served by publication, in lieu of mailing, in a newspaper published in the county in the state in which the principal office of the corporation is located, once a week for three successive weeks next preceding the date of the mailing. Notices shall state the place, date and hour of the meeting.

Unless the meeting is an annual meeting, the notice shall indicate that it is being issued by or at the direction of the person calling the meeting. A notice of a special meeting shall also state the purpose or purposes for which the meeting is called.

Section 4. VOTING. At any meeting of members each active member entitled to vote at such meeting shall have one (1) vote in person or by proxy. Retired members shall not be entitled to vote at any meeting. The act of a majority of the members entitled to vote at a meeting who are present or represented at such meeting shall be the act of the members.

Section 5. QUORUM. Members of this corporation who are entitled to cast one hundred (100) votes, or one-tenth (1/10th) of the total number of votes entitled to be cast, whichever is lesser, shall constitute a quorum at all meetings of members.

Section 6. RECORD DATE. The record date for determination of members entitled to receive notice of and to vote at any meeting of members shall be at the close of business on the fifth (5th) day preceding the mailing of the notice of meeting or the first publication of the notice, which record date shall not be more than fifty (50) nor less than (10) days before the date of the meeting.



## ARTICLE VI

## DIRECTORS

Section 1. POWERS. All the corporate powers of this corporation shall be and are hereby vested in and shall be exercised by the Board of Directors and such committees, officers and agents as the Board of Directors shall elect or appoint in accordance with law and the provisions of these By-Laws. Voluntary financial aid may be furnished to any member of the corporation at such times and in such amounts as the member may deserve under rules established by the Board of Directors and supervised by the national manager.

Section 2. QUALIFICATIONS. At the time of election, a director shall be an active member of this corporation and of at least eighteen (18) years of age.

Section 3. NUMBER. The authorized number of directors shall be twenty-seven (27), eleven (11) of whom shall be chosen from the Eastern Section of the United States, eight (8) of whom shall be chosen from the Central Section of the United States, and eight (8) of whom shall be chosen from the Western Section of the United States.

Section 4. TERM OF OFFICE. At the annual meetings of members held in even-numbered years, the whole number of directors shall be elected to serve for two (2) years or until their successors be elected and qualify.

Section 5. VACANCIES. Vacancies in the Board of Directors may be filled by either a plurality of the Members or a

majority of the remaining members of the Board of Directors, though less than a quorum, or by a sole remaining director, and each member of the Board of Directors so elected shall hold office until his successor is elected at the expiration of his term of office or until his successor be elected and qualify. A vacancy or vacancies in the Board of Directors shall be deemed to exist in case of the death, legal incompetency, conviction of a felony, resignation, or removal of any director, or if the authorized number of directors is increased. No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of his term of office. Any director may be removed from office for cause by the vote of sixty percent (60%) of the remaining directors then in office. The failure of a Director to attend two consecutive meetings of the Board of Directors during the same or consecutive terms of office, without being excused by the Chairman of the Board, shall be deemed grounds for removing such Director for cause, and such Director may be removed, effective upon the adjournment sine die of such second meeting, by a majority vote of the Directors present at such second meeting, provided there is a quorum present at such meeting of not less than a majority of the Directors then in office.

Section 6. CHAIRMAN OF THE BOARD. At the annual meeting of the Board of Directors, the directors shall elect a Chairman of the Board from the members of the Board of Directors. The Chairman of the Board shall, if present, preside at all

meetings of the members and at all meetings of the Board of Directors and exercise and perform such other powers and duties as may be from time to time assigned to him by the Board of Directors.

Section 7. EXECUTIVE COMMITTEE. The Board of Directors shall, by resolution adopted by a majority of the entire Board, designate from among its members an Executive Committee consisting of not less than six (6) directors. Such Executive Committee shall have all the authority of the Board between meetings of the Board, except as to those matters referred to in Section 712 of the Not-for-Profit Corporation Law of the State of New York. The Board of Directors may designate one or more directors as alternate members of the Executive Committee, who may replace any absent member or members at any meeting thereof. The Committee shall meet at any time, within or without the State of New York, when a meeting is called by any member thereof by giving not less than two (2) days notice to each member in writing. Two-thirds (2/3rds) of the total number of members of the Executive Committee shall constitute a quorum for the transaction of its business, and in every case an affirmative vote of a majority of all the members of the committee present shall be necessary for the taking of any action. The Committee shall fix such other rules of procedure as are not inconsistent with these By-Laws or with any direction of the Board of Directors. Vacancies occurring in the Committee from any cause shall be filled by

the Board of Directors at any meeting thereof by a vote of the majority of the entire Board.

Section 8. OTHER COMMITTEES. The Board of Directors may from time to time, by resolution, designate one or more other committees which shall have such powers and duties as may be prescribed by the Board of Directors, except that no such committee shall have powers not authorized for standing committees under Section 712 of the Not-for-Profit Corporation Law of the State of New York.

Section 9. REPRESENTATION AT RACING MEETS. In order that the members riding at the various tracks throughout the country may have representation during racing meets, the national manager may appoint, at each such track where such meet is being held, at least three (3) active members of this corporation who shall act as a committee representing the corporation and shall serve without compensation. Such committee, however, shall have no power to enter into any agreement on behalf of this corporation without first receiving specific written authorization from the Board of Directors, but such committee shall aid and assist the members of this corporation and make such suggestions and recommendations as may assist the directors of this corporation in carrying out the objects and purposes of this corporation. The recommendations made by such committee shall be given the fullest consideration by the Board of Directors.

## ARTICLE VII

## MEETINGS OF DIRECTORS

Section 1. ANNUAL MEETINGS. Immediately after the annual meeting of members, the Board of Directors shall meet without notice to organize, elect officers (in even-numbered years) and transact such other business as may properly come before the meeting.

Section 2. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the president, a vice president, the secretary or the treasurer and shall be called by the secretary upon the written request of any three directors.

Section 3. QUORUM. At any meeting of the Board of Directors, seven (7) members of the Board shall be necessary and sufficient to constitute a quorum for the transaction of business. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board, but, if at any meeting of the Board less than a quorum shall be present, a majority of the directors present may adjourn the meeting from time to time until a quorum shall be present.

Section 4. NOTICE OF MEETINGS. Except as otherwise permitted in these By-Laws, written notice of time, place and purpose of meetings of the Board of Directors shall be delivered personally to each director or sent to each director by mail or telegraph, charges prepaid, addressed to him at his address as it is shown upon the records of the corporation. Such notice shall be delivered personally or mailed or delivered to the telegraph

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company at least five (5) days prior to the date of the meeting. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place be fixed at the meeting adjourned.

Section 5. PLACE OF MEETING. The Board of Directors may hold its meetings within or without the State of New York at such time and place as shall be designated by the person calling the meeting.

Section 6. PARTICIPATION BY TELEPHONE. Any one or more members of the Board of Directors or any committee thereof may participate in a meeting of such Board or committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

Section 7. ACTION BY WRITTEN CONSENT. Any action required or permitted to be taken by the Board of Directors or any committee thereof may be taken without a meeting if all members of the Board or the committee consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consent thereto by the members or the Board or committee shall be filed with the minutes of the proceedings of the Board or committee.

## ARTICLE VIII

## OFFICERS

Section 1. TITLES AND QUALIFICATIONS. The officers of the corporation shall be a president, who shall be a member of the Board of Directors, one or more vice presidents, a secretary, a treasurer, a national manager, and such assistant secretaries and assistant treasurers as may be elected by the Board of Directors. One person may hold two or more offices, except that the same person shall not concurrently hold the offices of president and secretary. The officers of the corporation, except such officers as may be appointed in accordance with the provisions of Section 2 or Section 4 of this Article, shall be elected by the Board of Directors at its annual meeting in even-numbered years to serve for two (2) years, and each shall hold office until he shall resign, be removed, or his successor shall be duly elected and qualify.

Section 2. SUBORDINATE OFFICERS, ETC. The Board of Directors may appoint such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in the By-Laws or as the Board of Directors may from time to time determine.

Section 3. REMOVAL OR RESIGNATION. Any officer may be removed, either with or without cause, by the Board of Directors at any annual or special meeting thereof. Any officer may resign at any time by giving written notice to the Board of Directors or

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to the president or to the secretary of the corporation. Any such resignation shall take effect at the date of the receipt of such notice or any other later time specified therein; and, unless otherwise specified therein, the acceptance of any such resignation shall not be necessary to make it effective.

Section 4. VACANCIES. In case of a vacancy in any office because of death, resignation, removal, or any other cause, an officer to fill the vacancy shall be elected as soon as practicable at any annual or special meeting of the Board of Directors. Every officer so elected shall, unless sooner displaced, serve until the next regular election of officers.

Section 5. PRESIDENT. The president shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. He shall have the general powers and duties of management usually vested in the office of president of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or by the By-Laws.

Section 6. VICE PRESIDENT. In the absence of disability of the president, the vice presidents, in order of their rank as fixed by the Board of Directors or, if not ranked, the vice president designated by the Board of Directors, shall perform all the duties of the president, and when so acting shall have the powers of, and be subject to the restrictions upon, the president. The vice presidents shall have such other powers and

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perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors or the By-Laws.

Section 7. SECRETARY. The secretary shall keep, or cause to be kept, at the principal office of the corporation, a book of minutes of all meetings of the members, the Board of Directors and the Executive Committee. The secretary shall give, or cause to be given, the notice of all meetings required by the By-Laws or by law to be given, and he shall keep the seal of the corporation in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by the By-Laws.

Section 8. TREASURER. The treasurer or assistant treasurer shall keep and maintain or cause to be kept and maintained, adequate and correct accounting of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains and losses. The books of account shall at all reasonable times be open to inspection by any director. The treasurer, or assistant treasurer, shall deposit all monies and other valuables in the name of and to the credit of this corporation with such depositaries as may be designated by the Board of Directors. He shall disburse the funds of this corporation as may be ordered by the Board of Directors, shall render to the president and directors, whenever they request it, an account of all of his transactions as treasurer or assistant treasurer and of the financial condition of the corporation, and shall have such other powers and

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perform such other duties as may be prescribed by the Board of Directors or by the By-Laws.

Section 9. NATIONAL MANAGER. The national manager shall assist the president in the general supervision, direction and control of the business of the corporation and shall have such other powers and shall perform such other duties as from time to time may be prescribed by the Board of Directors.

#### ARTICLE IX

##### MISCELLANEOUS

Section 1. COMPENSATION OF OFFICERS AND DIRECTORS. No officer or director of this corporation shall receive any compensation (other than expenses incurred in attending meetings of members, directors or committees) for any services rendered as an officer or director, unless the same shall first have been approved by the affirmative vote of two-thirds (2/3rds) of all of the directors of this corporation.

Section 2. BONDS. Any officer or employee of this corporation, when so required by resolution of the Board of Directors, shall give bond in an amount and with sureties satisfactory to the Board of Directors conditioned upon the faithful performance of his duties.

Section 3. CORPORATE SEAL. The corporate seal of this corporation shall be in the form of a circle and shall bear the name of the corporation, the year of its incorporation, and the words "New York".

Section 4. GUILD EMBLEM. An official emblem of this corporation shall be adopted by the Board of Directors. Membership badges or insignia in the form of such emblem shall be distributed to all officers, directors and members in good standing.

Section 5. FISCAL YEAR. The fiscal year of this corporation shall begin on the first day of January and shall end on the thirty-first day of December in each year.

Section 6. INSPECTION OF CORPORATE RECORDS. The books of account, and the minutes of the proceedings of the members, the Board of Directors and the Executive Committee, shall be open for inspection upon the written demand of any director or member at any reasonable time and for a purpose reasonably related to his interest as a director or a member. Such inspection may be made in person or by an agent or attorney, and shall include the right to make extracts. Demand for inspection other than at a meeting of the Board of Directors shall be made in writing upon the president, secretary, assistant secretary or national manager of the corporation.

Section 7. CHECKS, DRAFTS, ETC. All checks, drafts, or other orders for the payment or money, notes, or other evidences of indebtedness, issued in the name of or payable to the corporation, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

Section 8. CONTRACTS, ETC.; HOW EXECUTED. The Board of Directors, except as in the By-Laws otherwise provided, may authorize any officer or officers or agent or agents to enter into any contract or execute any instrument in the name of and on behalf of this corporation, and such authority may be general or confined to specific instances; and, unless so authorized by the Board of Directors, no officer, agent, or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

Section 9. REPRESENTATION OF SHARES OR OTHER CORPORATIONS. The president or any vice president and the secretary or any assistant secretary of this corporation are authorized to vote, represent and exercise on behalf of this corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of this corporation. The authority herein granted to said officers to vote or represent on behalf of this corporation any and all shares held by this corporation in any other corporation or corporations may be exercised either by such officers in person or by any other person duly authorized so to do by proxy or power of attorney duly executed by said officers.

Section 10. INSPECTION OF BY-LAWS. The corporation shall keep at its principal office for the transaction of business the original or a copy of these By-Laws, as amended or otherwise altered to date, certified by the secretary, which

shall be open to inspection by the members or directors at all reasonable time during office hours.

Section 11. CONSTRUCTION AND DEFINITIONS. As used herein, the term "person" includes a corporation as well as a natural person, the masculine gender includes the feminine and neuter, the singular number includes the plural, and the plural number includes the singular.

Section 12. REPORTS TO OFFICER AND DIRECTORS. The president shall give to the other officers and to the directors at least annually an adequate report of the condition and activities of the corporation to permit them to exercise intelligent direction and management. The treasurer shall give to the other officers and directors at least annually an accurate report of the financial condition of the corporation.

Section 13. WAIVERS OF NOTICE. Any member, director or other person entitled to any notice under any provision of law or the Certificate of Incorporation of the corporation or these By-Laws, may waive at any time any such notice by written instrument delivered to the corporation.

Section 14. INDEMNIFICATION. Each director and officer of the corporation, whether or not then in office, and each person whose testator or intestate was such a director or officer, shall be indemnified by the corporation in accordance with and to the full extent permitted by the Not-for-Profit Corporation Law of the State of New York.

Section 15. AMENDMENT OF BY-LAWS. These By-Laws may be amended, altered, repealed, or new By-Laws adopted at any annual or special meeting of the members or of the Board of Directors, provided that notice of such proposed action shall have been given in the notice of such meeting. The affirmative vote of a majority of those present at any such meeting at which a quorum is present shall be sufficient to amend, alter or repeal these By-Laws or adopt new By-Laws. No By-Laws adopted by the Board of Directors regulating an impending election of directors or officers shall be valid unless published in accordance with law.

-END-

JOCKEYS' GUILD, INC.  
A Nevada Corporation

**BY-LAWS**

**ARTICLE I MISSION, TITLES, and TERMS**

**Section A MISSION.** The Guild promotes, protects, and serves the welfare and prestige of the American professional jockey community with integrity, equity, and justice.

**Section B TITLES.** In these By-Laws, this corporation, the Jockeys' Guild Inc., is called the *Guild*; a national meeting of its members is called an *Assembly*, the national council is called the *Senate*; and the Board of Directors of the Guild is called the *Board*. The Chairman of the Board, of the Senate, and of an Assembly, is called the *Chairman*.

**Section C TERMS.** A *recognized track* is a flat horseracing track located in the United States where pari-mutuel wagering is legal, the races on which are charted and recorded by the Daily Racing Form, the American Quarter Horse Association, or the Appaloosa Horse Club. The term *horse* includes thoroughbred, quarter, pinto, appaloosa, and Arabian horses. A *valid license* is a permit to ride a horse or mule as a jockey or apprentice jockey in flat races on any recognized track.

**ARTICLE II OFFICES**

**Section A STATUTORY OFFICE.** The Guild shall maintain a statutory office within the state of Nevada, unless otherwise determined by the Board.

**Section B PRINCIPAL BUSINESS OFFICE.** The location of the principal business office of the Guild, henceforth called the *Guild Office*, shall be anywhere in the United States as determined by the Board.

**Section C OTHER OFFICES.** The Guild, in addition to its statutory office and the Guild Office, may have offices anywhere in the United States as determined by the Board.



**ARTICLE III MEMBERSHIP**

**Section A CLASSES of MEMBERSHIP.**

The Guild shall have two classes of membership, *active* and *retired*.

**Section B ACTIVE MEMBER ADMISSION.** An *eligible* jockey shall become an active member by submitting a Guild application package, with all documents signed in the appropriate places, and paying the initiation fee. To be eligible for active membership, an applicant must: 1. Hold a valid jockey license; 2. Have ridden at least one (1) mount in flat races at recognized tracks in the United States during the 12 calendar months preceding the date on which the membership application is received at the Guild Office; and 3. Be in good standing with the Guild as determined by the Board of Directors.

**Section C TERMINATION of ACTIVE MEMBERSHIP.** Membership of an active member shall be terminated after such member has failed to hold a valid license for more than 30 days.

**Section D RETIREMENT.** An active member shall become a retired member when no longer actively engaged in riding horses or mules as a jockey in flat races on any recognized track.

**Section E RESIGNATION.** An active or retired member may resign by notifying the Guild Office in writing.

**Section F RETIRED MEMBER ADMISSION.** If an active member becomes a retired member immediately upon retirement, without a break in Guild membership, no additional initiation fee is required. A former active member who retired or resigned in good standing may become a retired member by informing the Guild Office in writing and paying the initiation fee.

**Section G EXPULSION for INDEBTEDNESS.** The Board may expel from membership any active or retired member who fails to pay required fees, dues, or assessments. Debts to the Guild must be paid by the jockey to be eligible for re-admission.

**Section H RE-ADMISSION.** A retired member may apply for reinstatement as an active member, and a former member who has resigned or been expelled may apply for re-admission as an active member, if eligible.

#### ARTICLE IV FEES, DUES, and ASSESSMENTS

**Section A INITIATION FEE.** Each new or reinstated active or retired member shall pay an initiation fee determined by the Senate.

**Section B MOUNT FEES.** Each active member shall assign to the Guild 5% of earned losing mount fees (with a \$3 minimum per mount) unless otherwise determined by the Senate. The assigned fees shall be deducted by the horsemen's bookkeeper and forwarded directly to the Guild Office. The bookkeepers' compensation for this service shall be determined by the Board. If the horsemen's bookkeeper does not deduct the assigned fees, the member shall pay them directly to the Guild Office.

**Section C DUES.** Active and retired members shall pay dues determined by the Senate. If annual dues are not adequately covered by assigned mount fees, the member shall pay them directly to the Guild Office.

**Section D ASSESSMENTS.** From time to time, the Senate may levy an assessment on members that is necessary and reasonable to carry out the purpose of the Guild. Any assessment shall be due at a time determined by the Senate.

#### ARTICLE V REPRESENTATION

**Section A JOCKEY COLONIES.** Each race meeting at a recognized track that is scheduled for at least five (5) consecutive weeks, shall be referred to as a *Colony*.

**Section B DELEGATES and ALTERNATES.** During the first week of each race meeting, each Colony shall elect from among those active members who volunteer, one *Delegate* and one *Alternate* to the Assembly. This election shall be conducted by secret ballot. No Delegate or Alternate for one Colony may be a Delegate or Alternate for another Colony concurrently. A member may vote in an election at more than one Colony, provided the member is participating in the meeting of the Colony at the time of each election.

**Section C RESPONSIBILITIES.** Delegates and Alternates shall maintain communication between their respective Colony and the Guild administration. They shall attend any Assembly of the Guild held during the succeeding 12 months and represent the interests and wishes of the colony.

**Section D VACANCIES.** In the event that neither the Colony's Delegate nor Alternate is able to attend an Assembly, a special meeting of no fewer than five (5) members of that Colony may select a substitute Delegate. Such a meeting may be held in person or by telephone conference, at any time prior to the opening of the Assembly. A substitute Delegate may not be a Delegate or Alternate for another Colony. The substitute's name must be conveyed to the Guild Office or Chairman in writing.

**ARTICLE VI NATIONAL ASSEMBLIES**

**Section A ANNUAL ASSEMBLY.** The annual Assembly of the Guild shall be held at such time, date, and place as shall be determined by the Board. This determination shall be made at least 30 days in advance of the Assembly. All members, active and retired, are welcome to attend.

**Section B NOTICE.** Notification to all members of an Assembly shall be distributed by any means, reasonable and customary, at least 15 days prior to the Assembly. Notices shall state the time, date, and place of the Assembly.

**Section C QUORUM.** A minimum of 50% of all Colonies represented by a Delegate, Alternate, or substitute Delegate, in person or by written proxy, shall constitute a quorum at an Assembly.

**Section D PARLIAMENTARIAN.** The Chairman shall designate a parliamentarian (an attorney if one is present) to rule on all questions or disputes pertaining to rules of order or interpretations of these By-Laws.

**Section E SERGEANT-AT-ARMS.** The Chairman shall designate a Sergeant-at-Arms to assist in maintaining proper decorum, adherence to the agenda, and, at the direction of the Chairman, removal of any unwanted participant or guest.

**Section F VOTING.** At any vote taken at an Assembly, each colony will be represented by one (1) voting Delegate, Alternate, or substitute Delegate, either in person or by proxy. Retired members shall not be entitled to vote at any Assembly.

**Section G EXPENSE REIMBURSEMENT.** The active Guild membership at each Colony is responsible for underwriting the minimum transportation and double-occupancy room expense for *at least one* Delegate, Alternate, or substitute Delegate attending an Assembly. The Guild will underwrite these expenses for all Senators.

## ARTICLE VII SENATE

**Section A QUALIFICATIONS of SENATORS.** A Senator must be an active member of the Guild, have volunteered to hold office, and be at least 21 years of age.

**Section B NUMBER.** The number of Senators shall be 27, at least three (3) of whom must be from Class A track Colonies, at least three (3) from Class B track Colonies, and at least three (3) from Class C track Colonies. A preponderance of a Senator's mounts must be at the class of tracks represented. For this Article only, track classifications are determined by the previous year's average purse size, with the top third in Class A, the middle third in Class B, and the bottom third in Class C. Each class shall include at least 33% of all Colonies.

**Section C VOLUNTEERS.** Beginning approximately 60 days prior to the annual Assembly, the Board shall seek volunteer active members to stand for election to the Senate. Additional volunteers may be added to the list of candidates at any time prior to the election.

**Section D TERM of OFFICE.** At each annual Assembly, nine (9) Senators shall be elected from a ballot of volunteers to serve staggered, three-year terms and be installed at the close of the Assembly. A Senator may not serve for more than six (6) consecutive years, and must resign at or before the Assembly immediately following retirement from riding.

**Section E ELECTIONS.** The Chairman shall conduct elections by secret ballot at the annual Assembly. Each Colony is entitled to one (1) vote which must be cast by a Delegate, Alternate, or substitute Delegate, in person or by written proxy. If, at the outset of the general election of Senators, the current Senate does not include at least three (3) mid-term Senators from each class of tracks, the Chairman shall hold a preliminary election to comply with this requirement for minimum representation. Having fulfilled this minimum, the Chairman shall proceed with the general election to fill the remaining open positions in the Senate.

**Section F VACANCIES.** A vacancy in the Senate shall be deemed to exist in case of resignation, removal of a member by the Senate or Board of Directors, legal incompetence, conviction of a felony, or death. Such vacancies shall be filled by the Board, and a Senator so selected shall complete the vacated term.

**Section G MEETINGS.** The Senate shall hold open meetings during the annual Assembly. Special meetings may be called by the Chairman, the Board, or any nine (9) Senators, by giving adequate and reasonable notice at least seven (7) days prior to the meeting. At all meetings, 14 Senators shall constitute a quorum, and a majority of those voting shall be required to pass a motion. Senators may attend in person, or by telephone conference when practical.

**Section H POWERS and DUTIES.** The Senate shall determine dues and assessments (see Article IV), select the Chairman of the Board (see Article VIII), and has the power to select Counselors (see Article IX), enforce Guild discipline (see Article XI), and amend these By-Laws (see Article XII). The Senate shall have the right to participate in any collective bargaining session on behalf of the membership.

## ARTICLE VIII BOARD of DIRECTORS

**Section A ELECTION.** There shall be nine (9) Directors, each of whom must be a Senator. After the election of Senators, the Chairman shall conduct an election by secret ballot of the Senators to fill any Board vacancies. The candidates shall include any Senator or Senator-elect who volunteers for this additional responsibility and has been serving as a Senator for the previous six months.

**Section B TENURE.** Once elected, a Director shall be installed at the closing of the Assembly, and serve on the Board throughout the term that the Director has remaining as a Senator.

**Section C VACANCIES.** Mid-term vacancies on the Board may be filled by the Chairman. Candidates must be current Senators, and when so selected, shall serve until the next Assembly.

**Section D OFFICERS.** At each annual Assembly, the Senate shall elect by secret ballot from among the mid-term and newly elected Directors, a Chairman to be installed at the close of the Assembly. The Chairman shall preside at Assemblies, and at all meetings of the Senate and the Board. The same person shall not serve as Chairman for more than three (3) consecutive one-year terms. The Board shall select from among themselves a Vice Chairman, Secretary, and Treasurer, each to serve at the will of the Board.

**Section E MEETINGS.** The Board shall meet at least four (4) times per year, including those held after the close of Assemblies and meetings of the Senate. Meetings may be called by the Chairman, or any three (3) Directors, by giving adequate and reasonable notice at least 60 hours prior to the meeting. At all meetings, five (5) Directors shall constitute a quorum. Directors may attend in person or by telephone conference.

**Section F EXECUTIVE SESSIONS.** The Board will conclude every meeting with an executive session of Directors only, to discuss personnel matters and other concerns of a sensitive nature. A non-Director whose attendance is essential to an informed decision, may be invited by unanimous consent of the Board. Minutes of executive sessions shall be maintained for Board reference, but shall not be included in the Book of Minutes.

**Section G ACTION by UNANIMOUS CONSENT.** Any action required or permitted to be taken by the Board may be taken without a meeting, if all the Directors consent to the adoption of a resolution authorizing the action. Such a resolution by unanimous consent shall be filed with the minutes of the proceedings of the Board.

**Section H POWERS and DUTIES.** All the powers customarily vested in a corporate board of directors shall be vested in this Board. These include, but are not limited to, the hiring of, and contracting with, a President as CEO. Such contracting may not occur during the 90 days immediately prior to the annual Assembly.

## ARTICLE IX OFFICERS

**Section A TITLES.** The officers of the Guild shall be a Chairman selected by the Senate; a Vice Chairman, Secretary, Treasurer, and President selected by the Board; and Vice Presidents authorized by the Chairman and selected by the President. Any officer may resign at any time by giving written notice to the Chairman, Secretary, or to the President.

**Section B CHAIRMAN.** The Chairman shall preside at all meetings of the Assembly, Senate, and Board; and have the general powers and duties customarily vested in the office of chairman of the board of a corporation, including the creation, extension, and termination of all committees, as well as the appointment of committee members. The Chairman shall have such other powers and duties as may be prescribed by the Board or by these By-Laws.

**Section C VICE CHAIRMAN.** In the absence or disability of the Chairman, the Vice Chairman shall perform all the duties of the Chairman, and when so acting, shall have the powers of the Chairman. The Vice Chairman shall direct the continual development of the Guild's Master Plan and present a current version to the Senate for its approval at each annual Assembly; and shall have such other powers and duties as may be prescribed by the Board or these By-Laws.

**Section D SECRETARY.** The Secretary shall notify, or cause to be notified, all appropriate participants in an Assembly and meetings of the Senate and Board, in accordance with these By-Laws. The Secretary shall keep, or cause to be kept, at the Guild Office, a Book of Minutes of all Assemblies, and meetings of the Senate and the Board (exclusive of executive sessions), and to have it available for inspection at all Senate meetings. The Secretary shall have such other powers and duties as may be prescribed by the Board or these By-Laws.

**Section E TREASURER.** The Treasurer shall maintain, or cause to be maintained, current financial records of the Guild, including a Balance Sheet, Income Statement, and General Ledger, and to have them available for inspection at all Senate meetings. The Treasurer shall meet with the independent auditors without Guild employees present; be a signatory to all bank authorizations; and shall have such other powers and duties as may be prescribed by the Board or by these By-Laws.

**Section F PRESIDENT.** The President shall be the Chief Executive Officer of the Guild; shall be an ex officio member of the Board and Senate; and shall have the general powers and duties of management customarily vested in the CEO of a corporation. The President shall make all transactions and employ all personnel necessary to perform those functions necessary to pursue the purpose of the Guild; and shall have such other powers and duties as may be prescribed by the Board or by these By-Laws.

**Section G COUNSELORS.** The Senate may select up to three Guild members as honorary, ex officio advisors. These Counselors shall serve one-year terms, and may not serve for more than three (3) consecutive years.

**ARTICLE X CORPORATE OPERATIONS**

**Section A FISCAL YEAR.** The fiscal year of the Guild shall be the calendar year of the United States.

**Section B COMPENSATION of SENATORS.** No Senator shall receive any compensation for service to the Guild, other than reasonable and customary expenses approved by the Board.

**Section C SUBSIDIARIES.** The President, in concert with any Director, is authorized to vote, represent, and exercise on behalf of the Guild, all rights incident to any and all shares of any other corporation owned by the Guild. This authority may be delegated to any other person by written proxy or power of attorney.

**Section D CHECKS and DRAFTS.** All checks, drafts, and other orders for the payment of money by the Guild, shall be signed in such manner as shall be determined by the President, provided it does not conflict with a decision of the Board.

**Section E EXECUTION of CONTRACTS.** No officer, agent, or employee of the Guild shall have the authority to bind the corporation by any contract or to pledge its credit or to render it liable for any purpose or in any amount, except as authorized by the Board or by these By-Laws.

**Section F INDEMNIFICATION.** Each Director and officer of the Guild, whether or not then in office, and each person who died, with or without a will, who was such a Director or officer, shall be indemnified and held harmless by the Guild in accordance with, and to the full extent permitted by, the applicable Non-Profit and Not-for-Profit Corporate Law.

**Section G WAIVER of NOTICE.** Any member entitled to any notice under any provision of law, the Guild's articles of incorporation, or these By-Laws, shall waive such notice by attendance without objection at the meeting in question, or by written consent delivered to the Guild Office or a Director.

**Section H BALLOTS.** The voting records of an election for Chairman, Senator, or Director shall be preserved for at least 60 days. Any objection to the conduct of an election must be received in writing at the Guild Office within 15 days after the annual Assembly. The Board shall rule on the validity of any objections.

**ARTICLE XI GUILD DISCIPLINE**

**Section A AUTHORITY.** Member discipline may be enforced by unanimous consent of the Board; or by a majority vote of the Senate, provided that notice of such proposed action was given in the notice of such meeting; or by 18 Senators in the absence of such notice.

**Section B REQUISITE CONDUCT.** A member in violation of the Guild's Mission shall be subject to disciplinary action. Such violations include, but are not limited to: dereliction of duty as a Delegate, Alternate, Senator, or Director; failure to recuse oneself from a discussion or vote when that member has a conflict of interest; refusal to sign all documents that support the Guild; behavior detrimental to the Guild's objectives, or conduct unbecoming the jockey community.

**Section C PUNITIVE ACTION.** Punitive action may include, but is not limited to, reprimand, removal from office, a fine payable to the Disabled Jockeys' Endowment, withdrawal of membership, and/or denial of benefits.

**ARTICLE XII MISCELLANEOUS**

**Section A CORPORATE SEAL.** The Seal of the Guild shall be in the form of a circle, bear the name and year of its incorporation, and include the word "Nevada".

**Section B EMBLEM.** The official emblem of the Guild shall be: Membership badges or insignia in the form of this emblem shall be distributed to all employees and members.



**Section C LOGO.** The registered logo of the Guild shall be: The use of this logo on promotional products, business cards, decals, letterhead, et. al., without written consent from the Guild is forbidden.



**Section D INSPECTION of DOCUMENTS.** Audited financial records, the Book of Minutes (excluding executive sessions), and these By-Laws, shall be open for inspection and copying by any member. Such inspection may be made in person during business hours at the Guild Office.

**Section E AMENDMENT of BY-LAWS.** These By-Laws may be amended, in part or in whole, by unanimous consent of the Board; or by a majority vote of the Senate, provided that notice of such proposed action was given in the notice of such meeting; or by 18 Senators in the absence of such notice.

**Certified by:**

\_\_\_\_\_ David Shepherd, Chairman

\_\_\_\_\_ Date





## THOROUGHBRED RACING ASSOCIATIONS

### NEWS RELEASE

Contact: Tony DeMarco  
(410) 392-9200  
December 9, 1999

#### TRA AND JOCKEYS' GUILD REACH THREE-YEAR AGREEMENT

TUCSON, AZ.— The Thoroughbred Racing Associations (TRA) announced Thursday it has successfully concluded negotiations for a three-year extension of its agreement with the Jockeys' Guild.

The TRA Board of Directors approved the proposed terms of the new agreement at its meeting at the University of Arizona Racing Symposium.

According to the terms of the agreement, the racetracks will increase their per starter contribution to the Guild by 10 percent and their additional per race day fee by \$25. In the second year of the agreement, there will be an additional 10 percent increase in the per starter fee. There will not be any increases in the third year.

The new rates will produce \$2 million in payments to the Guild next year, while racetrack contributions in 2001 will rise to \$2,184,000, according to TRA estimates.

"This represents a significant increase by the racetracks," TRA executive vice president Chris Scherf said, "but there was a broad consensus it was warranted by a three-year agreement that assures industry harmony for that period."

As part of the Guild agreement, the tracks also committed to continue to provide the accident insurance coverage for all jockeys, not just Guild members. The insurance coverage provides \$100,000 in medical expenses, \$200 per week disability payments for up to 104 weeks, and \$50,000 (an increase of \$25,000) for accidental death or dismemberment.

In New York, New Jersey, Maryland, and California, where horsemen provide worker's compensation coverage, the racetracks instead purchase a catastrophic injury policy for all jockeys, providing benefits ranging from \$100,000 to more than \$1 million for catastrophic injuries.

## REASSIGNMENT BY GUILD

of

Certain Television, Off-Track Betting and Other Rights of Jockeys

THIS REASSIGNMENT made as of this 1st day of January, 2000 by JOCKEYS' GUILD, INC. (The "Guild"), a New York not-for-profit corporation having its principal office at 250 West Main Street, Suite 1820, Lexington Kentucky 40507,

WITNESSETH:

WHEREAS certain jockeys (the "Assigning Jockeys") have executed and delivered, and may hereafter execute and deliver, to the Guild assignments of certain television, radio, and other rights substantially in the form of Attachment I hereto (an "Assignment by Jockey"); and

WHEREAS each Assignment by Jockey provides that the rights thereby assigned may be reassigned in whole at any time or in part from time to time;

NOW, THEREFORE, subject to the terms and conditions hereinafter set forth, the Guild hereby reassigns to THOROUGHBRED RACING ASSOCIATIONS OF NORTH AMERICA, INC. ("TRA") during the period commencing on January 1, 2000 and ending on December 31, 2002 or such earlier date as may apply under Paragraph 4 hereof (the "Reassignment Period") the following rights which have been, or may hereafter be, assigned to the Guild under Assignments by Jockeys, to wit:

All the rights of each Assigning Jockey with respect to the use of his name, portrait and picture, or any of them, including the right to consent to their use, in all broadcasts and other off-track presentations of races in which such Assigning Jockey shall ride during the Reassignment Period, and in any and every manner connected with off-track betting on such races (together with any and all claims which each Assigning Jockey may have for damages, injunctive relief, compensation or other benefits in respect of their use).

1. Definitions. All words and terms used herein which are also used in the Assignments by Jockeys shall have the meanings attributed to them therein, except that the term "broadcasts and other off-track presentations" shall not include any such broadcasts or presentations after the expiration of the Reassignment Period.
2. Reassignment to Tracks. TRA shall execute and deliver, by U.S. certified mail, return receipt requested, a further "Reassignment by TRA," in the form of Attachment II annexed hereto, (i) to each racing association which is or may become a member of TRA, within 30 days after receipt of this reassignment or within 30 days after such racing association becomes a member of TRA (whichever is later) and (ii) to each racing association which is not a member of TRA, within 30 days after being requested to do so by the Guild. TRA shall provide the Guild, within 45 days after execution of this reassignment and at least annually thereafter, with an updated list of the racing

associations which have received such reassignments, indicating whether or not each is a member of TRA, the date on which it received such reassignment and the number of the certified mail receipt therefor, and a photocopy of each reassignment not previously furnished by the Guild.

3. Effectiveness. Neither this Reassignment nor any reassignment by TRA under Paragraph 2 hereof shall be effective with respect to any race conducted by a racing association which does not meet the conditions described in Paragraph 5 hereof at the time of such race. However, the Guild agrees not to seek injunctive relief with respect to any broadcasts and other off-track presentations of, or any off-track betting on, any race as to which this reassignment is not effective by reason of this Paragraph unless (i) such conditions have not been met for a period of more than 15 days and (ii) the Guild has given such association seven days' notice of such fact.
4. Termination. This Reassignment may be terminated by the Guild before December 31, 2002, by giving TRA at least 30 days written notice of termination, if at any time after January 1, 2000 and before the date of such notice less than 80% of the racing associations in the United States which have been members of the TRA at any time after January 1, 2000 meet the conditions described in Paragraph 5 hereof.
5. Consideration. A racing association shall be deemed to have met the conditions referred to in Paragraphs 3 and 4 hereof if:
  - a. No amount has been deducted, as a contribution to a valets' pool, from the mount fee paid to any Assigning Jockey for riding in a race conducted by such racing association after January 1, 2000; and
  - b. At all times after January 1, 2000 during which the facilities of such racing association have been open for racing, training or stabling, such racing association has been covered by, and paid the premiums properly allocable to, a policy of insurance which meets the requirements of Paragraph 6 or 7 hereof, as appropriate, and which is satisfactory to the Guild, but a certificate of insurance issue pursuant to a master policy of insurance issued to the Guild and the TRA which meets the requirements of said Paragraph 6 or 7 hereof, as appropriate, shall be deemed satisfactory to the Guild; and
  - c. Such racing association has paid to the Guild (i) within 5 days after the close of each race meeting having a duration of 30 days or less and (ii), in the case of a race meeting having a duration of more than 30 days, within 5 days after the close of each calendar month ending within a race meeting which has been in progress at least 7 days, and within 5 days after the close of such race meeting, a sum, based upon the class of the race meeting, determined by adding together the contributions required under Paragraphs A. and B. below as follows:

A.

<u>Year</u>	<u>Class A Race Meeting</u>	<u>Class B Race Meeting</u>	<u>Class C Race Meeting</u>
2000	\$6.88	\$4.51	\$3.30
2001	\$7.57	\$4.96	\$3.63
2002	\$7.57	\$4.96	\$3.63

times the number of horses which started in the races conducted by such racing association during such race meeting or during that portion of such race meeting for which no prior payment has been made, as the case may be (regardless of whether or not such horses were ridden by members of the Guild); and

B.

<u>Year</u>	<u>Class A Race Meeting</u>	<u>Class B Race Meeting</u>	<u>Class C Race Meeting</u>
2000-2002	\$75	\$65	\$50

times the number of days on which such racing association is conducting racing during said year.

- d. Such racing association will furnish the Guild, within ten days of the of the Guild's request, with a copy of the pertinent portions (not including the consideration (therefor) of each and every agreement with third parties (i.) which involves, or may involve, broadcasts or other off-track presentations of names, portraits or pictures of jockeys during races conducted by such racing association and (ii) which extends, may extend or by its terms may be extended beyond the "Reassignment Period."

6. Track Accident Medical Insurance. Unless Paragraph 7 applies, in which event this Paragraph 6 does not apply, the policy of insurance referred to in Paragraph 5(b) hereof, and (except in the case of subparagraph (c) below) each certificate of insurance issued pursuant to a master policy, shall provide:

- a. That the insurer shall pay to or for the benefit of any and all jockeys who are injured on any facilities owned or operated by such racing association (i) the medical and surgical expenses of such jockey attributable to his or her injuries up to \$100,000, (ii) a death benefit, if the jockey dies as a result of such injuries, of \$50,000 and (iii) disability benefits of at least \$200 per week for up to 104 weeks;
- b. That such policy or verification of insurance is non-cancelable for two years, except for nonpayment of the scheduled premiums.
- c. That in the case of a master policy issued to the Guild and the TRA, any duly licensed racing association in the United States can, upon proper application and the payment of premiums, be covered at races and upon terms and conditions, that are uniformly applicable to all racing associations

covered thereby;

- d. That all claims filed under such policy or verification of insurance must be administered by a single adjuster acceptable to the Guild and the TRA;
7. That each individual filing a claim under such policy or verification of insurance must furnish the Guild and the TRA with copies of the racing association's First Report of Accident and all Physicians' Reports.
8. Workers' Compensation States, Catastrophic Insurance. If all owners and trainers utilizing the racing facilities of a racing association are required to be insured under a workers' compensation program or policy mandated by statute or regulation, the effect of which is that a Jockey is conclusively presumed to be the common-law employee of the Owner or Trainer who engages him, as in California, Maryland, Montana, New Jersey and New York, thereby obviating the need of medical insurance for on-track accidents, then the policy of insurance referred to in Paragraph 5(b) hereof shall indemnify jockeys against catastrophic injuries, such insurance to meet all of the requirements of the "Standard Form of Waiver of Liability by Jockey or Apprentice Jockey" in the amounts specified therein for the period during which such injury occurs. Such catastrophic insurance shall provide benefits for injuries sustained on race track facilities by those jockeys who have on file with the TRA such Standard Form of Waiver of Liability, and shall be non-cancelable, except for non-payment of the scheduled premiums, for two years.
9. Classification of Race Meetings. For purposes of Paragraph 5(c), a race meeting which is listed in Attachment III hereto shall be classified as set forth therein. A race meeting not listed therein which is conducted at the race course listed therein shall be classified the same as such race course is classified in said schedule. A race meeting which is not listed and is not conducted at a race course listed therein shall be classified as Class C. The Classifications in Attachment III are based, in accordance with the intent of prior agreements, on the extent to which the racing association conducting the meeting is presently using as either a sending or receiving facility the names, portraits or pictures of jockeys in some form or another of television, cable television, off-track betting, simulcasting or other commercial endeavor. These classifications may only be changed during the Reassignment Period by written agreement of TRA and the Guild.
10. Guild Documentaries. Nothing in this Reassignment shall prohibit the Guild from sponsoring, producing and distributing, without consideration for these rights, film documentaries, brochures and other published material regarding the Guild, its members and/or jockeys in general.

IN WITNESS WHEREOF, the Guild has executed this Reassignment as of the day and year first above written.

JOCKEYS' GUILD, INC.

(Corporate Seal)

By \_\_\_\_\_

\_\_\_\_\_, President

ATTEST:

\_\_\_\_\_

## CLASSIFICATION OF RACE MEETINGS AND RACE COURSES

<u>Race Meeting/Course</u>	<u>Class</u>
Ak-Sar-Ben	B
Albuquerque	C
Aqueduct	A
Arapahoe Park	C
Arlington Park	A
Assiniboia Downs	C
Atlantic City	B
Atokad Park	C
Bay Meadows	A
Balmoral	C
Belmont Park	A
Beulah Park	C
Birmingham Downs	C
Bluegrass Downs	C
Blue Ribbon Downs	C
Calder	B
Caliente	C
Canterbury Downs	C
Casper (Central Wyo. Fair)	C
Charles Town	C
Churchill Downs	A
Cochise County Fair	C
Colonial Downs	B
Columbus (Nebraska)	C
Cow Capital Turf Club	C
Delaware Park	C
Del Mar	A
Delta Downs	C
Detroit Race Course	C
Duncan	C
Ellis Park	C
Emmett Park	C
Energy Downs	C
Erie Downs	C
Evangeline Downs	C
Evangeline Downs Quarterhorse	C
Fair Grounds	B
Fairmount Park	C
Ferndale (Humboldt Co. Fair)	A
Finger Lakes	C
Flagstaff	C
Fonner Park	C
Fort Pierre	C
Fresno-Valley	A
Garden State Park	B
Gateway Downs	C

Golden Gate Fields	A
Grants Pass Downs	C
Great Falls	C
Gulfstream Park	A
Harbor Park	C
Hawthorne	B
Helena	C
Hialeah	B
Hollywood Park	A
Hollywood Park Quarterhorse	B
Hoosier Park	B
Horsemen's Quarterhorse	B
Jefferson Downs	C
Keeneland	A
Ladbroke (at Detroit)	C
Lakefront (at Jefferson Dns)	C
LaMesa Park (at Raton)	C
Latonia	C
Laurel	A
Les Bois Park	C
Lincoln (Nebraska)	C
Lone Star Park	B
Longacres	B
Los Alamitos	A
Louisiana Downs	B
Manor Downs	C
Marshfield Park	C
Meadowlands	A
Metra Park	C
Midway Downs	C
Moffatt County Raceway	C
Mohave County Fair	C
Monmouth Park	A
Mountaineer Park	C
Navajo County Fair	C
New Mexico State Fair	C
Northampton Fair	C
Northwest Montana Fair	C
Oaklawn Park	A
Oak Tree (at Santa Anita)	A
Orange County Fair	A
Peninsula (at Bay Meadows)	A
Penn National	C
Philadelphia Park	C
Pimlico	A
Playfair	C
Pleasanton	A
Pocatello/Sandy Downs	A
Pomona	A



Pompano Park	C
Portland Meadows	C
Prairie Meadows	B
Prescott Downs	C
Ravalli County Fair	C
Red River Downs	C
Remington Park	A
Retama Park	C
River Downs	C
Rockingham Park	C
Ruidoso Downs	C
Rupert	C
Sacramento	A
Safford	C
Salem Fairgrounds	C
Sam Houston Park	C
San Joaquin County Fair	A
San Juan Downs	A
San Mateo Co. Fair at Bay Meadows	A
Santa Anita	A
Santa Cruz	C
Santa Fe	C
Santa Rosa Fair	A
Saratoga	A
Solana Co. Fair at Vallejo	A
Sonoma Co. Fair at S. Rosa	A
Sportsman's Park	B
Stockton	A
Suffolk Downs	C
Sun Downs	C
Sunland Park	C
Sweetwater County Fair	C
Tampa Bay Downs	C
Tanforan at Bay Meadows	A
Tanforan at Golden Gate	A
Thistledown	C
Timonium	C
Trinity Meadows	C
Tropical Park (at Calder)	B
Turf Paradise	C
Turfway Park	C
Uranium Downs	C
Vallejo	A
Woodlands	C
Valley Downs	C
Wyoming Downs	C
Yakima Meadows	C

REASSIGNMENT BY TRA

of

Certain Television, Radio and Other Rights of Jockeys

THIS REASSIGNMENT made as of this \_\_\_\_\_ day of \_\_\_\_\_, 199\_\_\_\_ by THOROUGHBRED RACING ASSOCIATIONS OF NORTH AMERICA, INC. ("TRA"), a New York not-for-profit corporation having its principal office at 420 Fair Hill Drive, Suite 1, Elkton, Maryland 21921.

WITNESSETH:

WHEREAS certain jockeys have executed and delivered, and may hereafter execute and deliver, to JOCKEYS' GUILD, INC (the "Guild") assignments of certain television, radio, and other rights; and

WHEREAS the Guild has reassigned said rights to TRA in an instrument (the "Reassignment by Guild"), a copy of which is attached hereto as Exhibit 1, for the period commencing on January 1, 1998 and ending on December 31, 1999 or on such earlier date as may apply under paragraph 4 thereof (the "Reassignment Period"); and

WHEREAS TRA has agreed to further reassign such rights to certain Racing Associations in accordance with the terms and conditions of the Reassignment by Guild; and

WHEREAS \_\_\_\_\_ (the "Racing Association") is a \_\_\_\_\_ corporation conducting the following race meetings or race meetings at the following race courses:

- (1) \_\_\_\_\_ Class \_\_\_\_\_
- (2) \_\_\_\_\_ Class \_\_\_\_\_
- (3) \_\_\_\_\_ Class \_\_\_\_\_

NOW, THEREFORE, TRA hereby irrevocably reassigns to the Racing Association all of the rights of TRA under the Reassignment by Guild, but only with respect to races conducted by the Racing Association during the Reassignment Period. Such rights may be reassigned by the Racing Association without the permission of the jockeys, the Guild or TRA.

This reassignment shall not be effective with respect to any race conducted by the Racing Association if it fails to meet the condition described in Paragraph 5 of said Reassignment by the Guild at the time of such race. However, the Guild has agreed in Paragraph 3 thereof, and TRA hereby agrees, not to seek injunctive relief with respect to any broadcasts or other off-track presentations of, or any off-track betting on, any race as to which this Reassignment is not effective by reason of this paragraph unless (i) such condition has not been met for a period of more than 15 days and (ii) the Guild or TRA has given the Racing Association seven days' notice of such fact.

Upon request of the Racing Association, TRA shall furnish to it from time to time the names of all jockeys whose rights have been assigned to the Guild and reassigned to TRA.

IN WITNESS WHEREOF, TRA has executed this instrument on the day and year first above written.

THOROUGHBRED RACING ASSOCIATIONS  
OF NORTH AMERICA, INC.

By: \_\_\_\_\_  
Christopher N. Scherf  
Executive Vice President

(Corporate Seal)

ATTEST:

\_\_\_\_\_

*JOCKEYS' GUILD, INC.*  
*FINANCIAL STATEMENTS*  
*For the Years Ended December 31, 2002 and 2001*  
*with*  
*INDEPENDENT AUDITOR'S REPORT*

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L. G. Mariette Jr., CPA  
Scott J. Donnelly, CPA  
Dana N. Piazza, CPA

*INDEPENDENT AUDITORS' REPORT*

Board of Directors  
Jockeys' Guild, Inc.

We have audited the accompanying statements of financial position of Jockeys' Guild, Inc. (the Guild), (a Nevada not-for-profit corporation) as of December 31, 2002 and 2001 and the related statements of activities and net assets and cash flows for the years then ended. These financial statements are the responsibility of the Guild's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the following paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

For the year ended December 31, 2001, we were unable to obtain sufficient evidential matter in connection with member mount fees, assessments, and revenues from tracks, necessary to obtain reasonable assurance about whether the statement of activities and net assets and cash flows are free of material misstatements. We, therefore, do not express an opinion on the accompanying statements of activities and net assets and cash flows for the year ended December 31, 2001.

In our opinion, the accompanying statements of financial position present fairly the financial position of Jockeys' Guild, Inc. as of December 31, 2002 and 2001, and the related statements of activities and net assets and cash flows for the year ended December 31, 2002, present fairly, in all material respects, the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Piazza Donnelly Marlette LLP*

Piazza, Donnelly, & Marlette LLP  
Torrance, California  
November 5, 2003

## JOCKEYS' GUILD, INC.

## STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2002 AND 2001

	2002		Total	2001
	Unrestricted	Temporarily Restricted		
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 2,583,867	\$ 1,578,129	\$ 4,161,996	\$ 2,123,038
Accounts receivable, net of allowance for doubtful accounts	520,780	-	520,780	367,656
Related party receivable (payable)	27,742	(27,742)	-	-
Prepaid expenses and other	18,947	-	18,947	16,614
<b>Total current assets</b>	<b>3,151,336</b>	<b>1,550,387</b>	<b>4,701,723</b>	<b>2,507,308</b>
Furniture and equipment, net of accumulated depreciation	1,121	-	1,121	10,331
<b>Other assets</b>				
Investments, at market value	1,262,177	51,031	1,313,208	1,669,093
Deposit with insurance trust	26,399	-	26,399	34,399
Interfund receivable (payable)	988,155	(988,155)	-	-
Other	-	-	-	1,000
<b>Total other assets</b>	<b>2,276,731</b>	<b>(937,124)</b>	<b>1,339,607</b>	<b>1,704,492</b>
<b>Total assets</b>	<b>5,429,188</b>	<b>613,263</b>	<b>6,042,451</b>	<b>4,222,131</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accrued expenses and other	(217,933)	-	(217,933)	(309,332)
Member refund payable	(845,256)	-	(845,256)	(454,933)
<b>Total current liabilities</b>	<b>(1,063,189)</b>	<b>-</b>	<b>(1,063,189)</b>	<b>(764,265)</b>
<b>Commitments and Contingencies</b>				
<b>Total liabilities</b>	<b>(1,063,189)</b>	<b>-</b>	<b>(1,063,189)</b>	<b>(764,265)</b>
<b>TOTAL NET ASSETS</b>	<b>\$ 4,365,999</b>	<b>\$ 613,263</b>	<b>\$ 4,979,262</b>	<b>\$ 3,457,866</b>
Unrestricted	\$ 4,300,999	\$ -	\$ 4,300,999	\$ 2,884,266
Temporarily restricted	65,000	613,263	678,263	573,600
<b>Total net assets</b>	<b>\$ 4,365,999</b>	<b>\$ 613,263</b>	<b>\$ 4,979,262</b>	<b>\$ 3,457,866</b>

See the Independent Auditor's Report  
and accompanying notes to the financial statements

## JOCKEYS' GUILD, INC.

## STATEMENTS OF ACTIVITIES AND NET ASSETS

FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

	2002			2001
	Unrestricted	Temporarily Restricted	Total	
<b>REVENUES</b>				
Operating revenues				
Media rights revenue	\$ 2,190,757	\$ -	\$ 2,190,757	\$ 1,866,296
Member mount fees, assessments, and dues	1,157,956	-	1,157,956	1,298,627
Health insurance premiums income	1,441,407	-	1,441,407	71,736
Miscellaneous	-	-	-	4,915
<b>Total operating revenues</b>	<b>4,790,120</b>	<b>-</b>	<b>4,790,120</b>	<b>3,241,574</b>
Other revenues				
Investment income (loss)	(131,811)	17,927	(113,884)	102,053
State program co-pay requirement	(26,000)	26,000	-	-
State program contributions	65,000	1,269,832	1,334,832	858,950
Release of temporarily restricted net assets through fulfillment of state program restrictions	1,251,387	(1,251,387)	-	-
<b>TOTAL REVENUES</b>	<b>5,948,696</b>	<b>62,372</b>	<b>6,011,068</b>	<b>4,202,577</b>
<b>EXPENSES</b>				
Program services				
Insurance and disability benefits	2,886,320	-	2,886,320	3,147,777
Assisting the regulation and promoting the integrity of racing	434,189	-	434,189	263,905
<b>Total program services</b>	<b>3,320,509</b>	<b>-</b>	<b>3,320,509</b>	<b>3,411,682</b>
Supporting services	1,146,454	22,709	1,169,163	1,053,020
<b>TOTAL EXPENSES</b>	<b>4,466,963</b>	<b>22,709</b>	<b>4,489,672</b>	<b>4,464,702</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,481,733</b>	<b>39,663</b>	<b>1,521,396</b>	<b>(262,125)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>2,884,266</b>	<b>573,600</b>	<b>3,457,866</b>	<b>3,719,991</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 4,365,999</b>	<b>\$ 613,263</b>	<b>\$ 4,979,262</b>	<b>\$ 3,457,866</b>

See the Independent Auditor's Report  
and accompanying notes to the financial statements



## JOCKEYS' GUILD, INC.

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

	2002	2001
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,521,396	\$ (262,125)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	9,210	10,125
Allowance for bad debt	(26,000)	50,000
Net realized (gain) / loss and appreciation on investments	200,804	(2,828)
Change in operating assets and liabilities:		
Accounts receivable	(127,124)	24,107
Prepaid expenses and other	(2,332)	67,203
Other assets	1,000	-
Accrued expenses and other	(91,399)	193,894
Membership refund payable	390,323	454,933
Net cash provided by operating activities	<u>1,875,878</u>	<u>535,309</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(40,920)	(4,398)
Proceeds from sale of investments	196,000	710,219
Deposit with insurance trust	8,000	(22,518)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>163,080</u>	<u>683,303</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,038,958	1,218,612
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,123,038</u>	<u>904,426</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,161,996</u>	<u>\$ 2,123,038</u>

*See the Independent Auditor's Report  
and accompanying notes to the financial statements*

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Organization**

Jockeys' Guild, Inc. (the Guild) is a Nevada corporation existing under the Nevada Not-For-Profit Corporation Law. The Guild provides various benefits to its members, the jockeys. These benefits include health, life, and dental insurance as well as disability benefits. The level of benefits provided is dependent upon the members' classification. The insurance and disability benefits are funded with revenues received from its members and the disability benefits are also funded by the Thoroughbred Racing Associations of North America, Inc. through payments it makes for media rights (Note 9). The states of California, Delaware, and Massachusetts provide funding for these benefits which are restricted for the use of jockey's riding in those respective states (See Note 12).

**Basis of Accounting**

The financial statements of Jockeys' Guild, Inc. have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Basis of Presentation**

The Guild reports information regarding its financial position and activities according to two classes of net assets: unrestricted net assets and temporarily restricted net assets. The net assets and revenues, gains and losses are classified based on the existence or absence of donor stipulated restrictions as follows:

*Unrestricted net assets* -- Net assets that are not subject to donor-imposed restrictions.

*Temporarily restricted net assets*-Net assets that are subject to donor-imposed restrictions that can be fulfilled by actions of the Guild or that expire through the passage of time. These assets are accounted for in the Health and Welfare fund and are used to provide for the needs of the jockeys.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions for the reporting period and as of the financial statement date. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent liabilities and the reported amounts of revenues and expenses. Specifically, significant estimates have been made with respect to the collectibility of accounts receivable, and the ultimate liability for member refunds payable, as well as the realizability of the gain arising from the estimated prepaid pension costs. Actual results could differ from those estimates.

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*See the Independent Auditor's Report*

*JOCKEYS' GUILD, INC.**NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEARS ENDED DECEMBER 31, 2002 and 2001*

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**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****December 31, 2001 financial information**

Only the totals for December 31, 2001 financial information have been presented. Reclassifications have been made to some of the prior year summarized financial information in order to present that information in the same manner as the current year financial information. These reclassifications had no effect on previously reported net income.

**Cash and cash equivalents**

For the purpose of the statement of cash flows, the Guild considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. At December 31, 2002 and 2001, there were no cash equivalents. The Guild maintains cash balances in federally insured institutions significantly in excess of insured amounts on an ongoing basis.

**Accounts Receivable**

Accounts receivable consists primarily of track revenues, member fees, assessments, dues receivable, and health insurance premiums.

**Investments**

Investments consist primarily of marketable equity and debt securities. The specific identification method is used to determine the carrying value of investment securities sold. The Guild accounts for investments in equity securities with readily determinable fair values and all investments in debt securities at fair market value in the financial statements. The change in fair market values is recorded as an increase or decrease to net assets through investment income.

**Furniture, Equipment, and Depreciation**

Furniture and equipment are recorded at cost. Depreciation is calculated using the double declining method over the estimated useful lives of 5 and 7 years.

The cost at normal maintenance and repairs is expensed as incurred. Additions and betterments of a major nature are capitalized. When furniture and equipment are retired from use or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any gains or losses are recorded in income.

**Compensated Absences**

The Guild has no policy regarding vacation or sick pay, and therefore, as of December 31, 2002 and 2001, no accrual has been made for compensated absences.

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*See the Independent Auditor's Report*

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Revenue Recognition**

The Guild's revenues consist primarily of fees, assessments, and dues from members and revenues from tracks for media rights. Mount fees are assessed on each mount ridden by a member and are recognized during the period in which the mount takes place (Note 10). Revenues from tracks for media rights (Note 9) are also recognized during the period in which the mount takes place or racing day occurs. The Guild is dependent on the overall economy of thoroughbred racing.

**Grants, Contributions, and Donations**

All grants, contributions, and donations are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reported in the statement of activities as released to unrestricted net assets.

**Income Taxes**

The Guild is exempt from federal income taxes under Section 501(c)(5) of the Internal Revenue Code as a labor organization and the laws of the state of Nevada. Therefore, no provision for federal and state income taxes has been accrued.

**NOTE 2-STATEMENT OF CASH FLOWS**

The Guild paid no interest or taxes during the year ended December 31, 2002 or 2001. There were also no significant noncash transactions.

**NOTE 3-ACCOUNTS RECEIVABLE**

The Guild has specifically identified and written off or provided an allowance for all accounts of which they are doubtful of collection. The Guild wrote off \$16,085 which was recognized in supporting services as a bad debt expense during the year ended December 31, 2002. The Guild also recorded a \$24,000 allowance for bad debt which is netted against the receivable and recognized in supporting services as a bad debt expense as of December 31, 2002. The Guild wrote off \$627,162 during the year ended December 31, 2001 which was netted against media rights revenue during the year ended December 31, 2001. The Guild recorded a \$50,000 allowance for bad debt as of December 31, 2001.

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*See the Independent Auditor's Report*

## JOCKEYS' GUILD, INC.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2002 and 2001

NOTE 4 - FURNITURE AND EQUIPMENT

As of December 31, 2002 and 2001 property and equipment consisted of the following:

	<u>2002</u>	<u>2001</u>
Computer hardware	\$ 59,496	\$ 59,496
Furniture and equipment	<u>80,008</u>	<u>80,008</u>
	139,504	139,504
Less accumulated depreciation and amortization	<u>138,383</u>	<u>129,173</u>
	<u>\$ 1,121</u>	<u>\$ 10,331</u>

NOTE 5 - INVESTMENTS

Marketable securities are managed by an investment manager and held by a third-party trustee. They consist of the following (grouped by type of security):

	<u>December 31, 2002</u>		
	<u>Cost or Other Basis</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss) Cumulative</u>
Unrestricted:			
Common/preferred stock	\$ 684,928	\$ 1,262,177	\$ 577,249
Temporarily restricted:			
U.S. Government Obligations	<u>51,984</u>	<u>51,031</u>	<u>(953)</u>
Total	<u>\$ 736,912</u>	<u>\$ 1,313,208</u>	<u>\$ 576,296</u>
	<u>December 31, 2001</u>		
	<u>Cost or Other Basis</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss) Cumulative</u>
Unrestricted:			
Common/preferred stock	\$ 639,614	\$ 1,412,720	\$ 773,106
Temporarily restricted:			
U.S. Government Obligations	<u>241,309</u>	<u>256,373</u>	<u>15,064</u>
Total	<u>\$ 880,923</u>	<u>\$ 1,669,093</u>	<u>\$ 788,170</u>

Investment income for the years ended December 31, 2002 and 2001, consist of the following:

	<u>2002</u>	<u>2001</u>
Realized and unrealized gains/(losses)	\$ (200,544)	\$ 2,828
Interest and dividends	<u>86,660</u>	<u>99,225</u>
	<u>\$ (113,884)</u>	<u>\$ 102,053</u>

See the Independent Auditor's Report

## JOCKEYS' GUILD, INC.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2002 and 2001

NOTE 6-INTERFUND RECEIVABLE (PAYABLE)

The interfund receivable (payable) represents the balance of amounts due from Health and Welfare Funds to reimburse the Guild for expenses incurred to provide insurance and other benefits to the member jockeys (See Note 12, restricted state programs). At December 31, 2002 and 2001, the Guild had receivables from the Health and Welfare Trust Funds of \$988,155 and \$371,789 respectively. The receivables are limited to the remaining restricted net assets held in the respective State Health and Welfare Trust Funds as of December 31, 2002 and 2001. The California Health and Welfare Trust Funds had liabilities in excess of assets of \$259,972 and \$263,022 as of December 31, 2002 and 2001 respectively.

NOTE 7-MEMBERS REFUNDS PAYABLE

Regular active members of the Guild may elect to have an additional \$7 withheld from their mount fee and remitted to the Guild to pay for certain benefits such as medical insurance. To the extent the fees remitted exceed the cost of the benefits, a liability to the jockey is recorded. Prior to 2002, the regular active members of the Guild could voluntarily participate in a savings plan, under which a portion of each mount fee earned by the jockey was deposited in an individual savings account for, and in the name of, the jockey at a thrift institution.

Members refunds payable is made up of the excess fees collected less costs paid plus any unpaid member savings plan accounts. The regular active members may request payment to them at any time.

NOTE 8 - FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 9 - MEDIA RIGHTS REVENUE

During 2002, the Guild operated under an agreement with the Thoroughbred Racing Associations of North America, Inc. (T.R.A.) relating to the use of jockeys' names and pictures for radio, television, and off-track betting purposes (e.g. media rights). The T.R.A. represents the race tracks. For these media rights, each track contributed to the Guild an amount for each mount raced as well as a fee for each race day the track was open. The contract was effective through December 31, 2002. Contract negotiations with the T.R.A. are pending, but the T.R.A. has continued to contribute to the Guild based on the terms of the expired contract.

The fee for each jockey which mounted a horse in each race ranged from \$3.63 to \$7.57 for 2002 and 2001 respectively, depending on the class of the race meeting.

The race tracks also pay a fee for each race day the track is open. The amounts paid to the Guild for each day on which racing occurs varies depending on the classification of the track as follows:

<u>Year</u>	<u>Class A Race Meeting</u>	<u>Class B Race Meeting</u>	<u>Class C Race Meeting</u>
2001 - 2002	\$75	\$65	\$50

The total monies earned under these agreements are recognized as media rights income.

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*See the Independent Auditor's Report*

## JOCKEYS' GUILD, INC.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2002 and 2001

**NOTE 10 – MEMBER MOUNT FEES, ASSESSMENTS, AND DUES**

Jockeys that join the Guild agree to pay a fee each time they mount a horse in a race in addition to their basic dues to help fund the activities of the Guild. The fee was \$3 and \$5 per mount respectively during the years ended December 31, 2002 and 2001. The mount fee was lowered from \$5 to \$3 effective April 1, 2001 when the prior management discontinued some of the health insurance and other benefits it had previously provided to the jockeys.

**NOTE 11 – DEFINED BENEFIT PENSION PLAN**

The Guild has a non-contributory defined benefit pension plan covering substantially all of its employees. The benefit obligation below reflects the obligation as of December 31, 2002. It also reflects the fact that the plan was frozen on March 31, 2001. Benefits are based on years of service and the employee's highest average compensation for a 5-year consecutive period in the last 10 years of employment through March 31, 2001. No further benefits will accrue to plan participants after this date. The Guild's funding policy is to satisfy the minimum contribution required by law, but such minimum contributions cannot be in excess of the maximum contributions permitted to taxable organizations by the Internal Revenue Code.

Net pension costs consist of the following:	2002	2001
Service cost – benefits earned during the year	\$ -	\$ 146,706
Interest cost	215,870	253,917
Net amortization and deferral	-	(25,009)
Return on plan assets	(282,669)	(315,238)
Net periodic pension cost/(credit)	<u>\$ (66,799)</u>	<u>\$ 60,376</u>

The assumptions used to develop the projected benefit obligation were:

	2002	2001
- Discount rate	6.1%	6.5%
- Rate of increase in salary levels	N/A	N/A
- Expected long-term rate of return on plan assets	7.0%	7.0%

The following table sets forth the plan's funded status and amounts recognized in the Guild's balance sheets for 2002 and 2001:

Actuarial present values of Benefit Obligation were as follows:

	December 31,	
	2002	2001
Market value of plan assets	\$ 4,241,951	\$ 4,129,628
Benefit obligation	3,477,774	3,412,584
Funded status	764,177	717,044
Unrecognized net asset	-	-
Unrecognized net (gain)/loss	(88,519)	(108,185)
Prepaid pension costs	675,658	608,859
Valuation allowance	(675,658)	(608,859)
Prepaid pension costs net of valuation allowance	<u>\$ -</u>	<u>\$ -</u>

See the Independent Auditor's Report

JOCKEYS' GUILD, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2002 and 2001

**NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

The Guild has not recognized the gain on freezing of the plan which resulted in estimated prepaid pension cost of \$675,658 and \$608,859 as of December 31, 2002 and 2001 respectively, because it does not believe it will realize that gain.

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

**Restricted State Funding**

The states of California, Delaware, and Massachusetts have passed legislation to provide funding to help defray the cost of providing certain health and welfare benefits for jockeys. The Guild has been appointed as the representative organization of California, Delaware, and Massachusetts jockeys under these programs. This funding is held in a separate trust for each state. The Delaware legislation requires the Guild to pay into the trust \$500 for each eligible Delaware Jockey participating in the program. Each state's legislation provided for a maximum funding amount in the year enacted. The maximum funding amount is adjusted annually for inflation. Restricted state funding recognized during the year in temporarily restricted net assets, and the amounts for which restrictions were fulfilled resulting in releases of the restricted net assets, and the remaining trust assets are as follows:

	<u>2002</u>	<u>2001</u>
State funding recognized		
California	\$ 884,235	\$ 460,171
Delaware	<u>385,597</u>	<u>398,779</u>
	<u>\$ 1,269,832</u>	<u>\$ 858,950</u>
Fulfillment of restrictions		
California	\$ 870,847	\$ 551,783
Delaware	<u>380,540</u>	<u>387,443</u>
	<u>\$ 1,251,387</u>	<u>\$ 939,226</u>
Remaining restricted net assets held in trust		
California	\$ -	\$ -
Delaware	<u>613,263</u>	<u>573,600</u>
	<u>\$ 613,263</u>	<u>\$ 573,600</u>

At December 31, 2002, the State of Massachusetts provided state funding to the Guild in the amount of \$65,000. The Guild did not incur expenditures on behalf of Massachusetts jockeys as of December 31, 2002. This amount is reported as temporary restricted net assets of the Guild.

See the Independent Auditor's Report



JOCKEYS' GUILD, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2002 and 2001

**NOTE 12 – COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Lease Commitments**

The Guild leases office facilities and storage space in Lexington, Kentucky under two non-cancelable operating leases expiring in 2003. The office lease provides for a "base" rent of approximately \$4,800 per month through February 2003. An additional rent based on the operating expense differential is charged as part of the lease. The Guild has a monthly lease with the management company for its office facilities in California (See Note 13). As of December 31, 2002, the Guild has not negotiated a lease agreement. Rent expense for the years ended December 31, 2002 and 2001 was approximately \$105,000 and \$72,000 respectively.

Approximate non-cancelable annual minimum lease payments as of December 2002, are as follows:

2003	\$10,911
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**Litigation**

In the normal course of its operations, the Guild is involved in a variety of legal disputes. In the opinion of management, the amount of ultimate liability with respect to all of these actions will not have a material adverse effect on the financial condition of the Guild. As of December 31, 2002 and 2001, no liability has been recorded with respect to these actions.

**NOTE 13 – RELATED PARTY TRANSACTIONS**

**Management Company**

Effective June 15, 2001, the Guild terminated its management arrangement with a predecessor company and retained the services of Matrix Capital Associates, Inc. (Matrix) on an interim basis. Effective January 1, 2002, the Guild agreed to modify and extend its initial agreement with Matrix and Matrix agreed to continue as the Guild's independent operating manager for a three year term, commencing January 1, 2002 and ending December 31, 2004. The terms of the agreement specify that the Guild would employ Dr. Gertmenian, as president and chief executive officer at an annual compensation of \$75,000. In addition, the Guild would provide directors and officers insurance, reasonable and customary disability insurance, \$12,000 per year of life insurance premiums with the beneficiaries to be designated by Dr. Gertmenian, a leased car with the cost to the Guild not to exceed \$500 per month and other reasonable customary business expenses. Matrix will provide leased facilities to the Guild for a ten (10) year period with the annual rent not to exceed \$97,464. Management fees paid for 2002 were \$420,000 and for the six and one-half months ending December 31, 2001 were \$212,000.

On or before December 31<sup>st</sup> of each year of the agreement, the parties agree to re-negotiate, extend, or terminate this contract. In the absence of such agreement, or if either party terminates this agreement for any reasons, the Guild will pay the balance of Dr. Gertmenian's salary owing on this three year contract within ninety (90) days of written notification by either party.

*See the Independent Auditor's Report*

JOCKEYS' GUILD, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2002 and 2001

NOTE 13 – RELATED PARTY TRANSACTIONS (CONTINUED)

Disabled Jockeys' Fund

The Disabled Jockeys' Fund is a trust that was established in Kentucky in 1991 to accept charitable contributions for the purpose of providing benefits to jockeys who are temporarily or permanently disabled. The Fund is a related party to the Guild through common management, which shares the administrative functions of each of the entities.

Disabled Jockeys' Endowment, Inc.

The Disabled Jockeys' Endowment, Inc. (Endowment) is a trust established in Nevada in 2002 to accept charitable contributions on an endowment basis for the purpose of providing benefits to jockeys who are temporarily or permanently disabled. The benefits provided are to be paid for out of investment earnings with no right to invade the principle. The president of the Guild represents the Guild's interest as a trustee of the board of the Endowment. The Guild pays all administrative costs of the Endowment.

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*See the Independent Auditor's Report*

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Tab 14

**JOCKEYS' GUILD, INC.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**

*JOCKEYS' GUILD, INC.*  
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Statement of Activities and Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 13
Schedule of Program and Supporting Services	14



L. G. Marlene Jr., CPA  
 Scott J. Donnelly, CPA  
 Dana N. Piazza, CPA

### Independent Auditors' Report

To the Board of Directors  
 Jockeys' Guild, Inc.

We have audited the accompanying statement of financial position of Jockeys' Guild, Inc. (the Guild), (a Nevada not-for-profit corporation) as of December 31, 2003 and the related statements of activities and net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Guild's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying statement of financial position of Jockeys' Guild, Inc. as of December 31, 2003 and the related statements of activities and net assets and cash flows for the year then ended, present fairly, in all material respects, the Guild's financial position, the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of program and supporting services on page 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Piazza Donnelly Marlette CP*

Torrance, California  
 December 1, 2004

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**JOCKEYS' GUILD, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31,**

ASSETS			
2003			
	Unrestricted	Temporarily Restricted	Total
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 1,353,613	\$ 1,654,799	\$ 3,008,412
Accounts receivable, net of allowance for doubtful accounts	759,742	-	759,742
State reimbursements receivable	-	1,873,878	1,873,878
Interfund balance	1,873,878	(1,873,878)	-
Prepaid expenses and other	23,177	-	23,177
	<u>4,010,410</u>	<u>1,654,799</u>	<u>5,665,209</u>
<b>FURNITURE AND EQUIPMENT, net</b>			
	31,722	-	31,722
<b>INVESTMENTS, at market value</b>			
	1,584,758	-	1,584,758
	<u>\$ 5,626,890</u>	<u>\$ 1,654,799</u>	<u>\$ 7,281,689</u>
<b>LIABILITIES AND NET ASSETS</b>			
2003			
	Unrestricted	Temporarily Restricted	Total
<b>CURRENT LIABILITIES</b>			
Accrued expenses payable	\$ 313,304	\$ -	\$ 313,304
Medical claims payable	285,745	-	285,745
Member refunds payable	770,381	-	770,381
Unearned revenue	17,158	-	17,158
Reserve for future claims	850,000	-	850,000
	<u>2,236,588</u>	<u>-</u>	<u>2,236,588</u>
<b>TOTAL NET ASSETS</b>			
	<u>\$ 3,390,302</u>	<u>\$ 1,654,799</u>	<u>\$ 5,045,101</u>
Unrestricted	\$ 3,390,302	\$ -	\$ 3,390,302
Temporarily restricted	-	1,654,799	1,654,799
<b>TOTAL NET ASSETS</b>	<u>\$ 3,390,302</u>	<u>\$ 1,654,799</u>	<u>\$ 5,045,101</u>

*See the Independent Auditors' Report  
and Notes to Financial Statements*

**JOCKEYS' GUILD, INC.**  
**STATEMENT OF ACTIVITIES AND NET ASSETS**  
**YEAR ENDED DECEMBER 31,**

	2003		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>MEMBER REVENUE</b>			
Media rights	\$ 2,305,176	\$ -	\$ 2,305,176
Member mount fees, assessments and dues	1,204,162	-	1,204,162
Health insurance premiums	1,894,383	-	1,894,383
	5,403,721	-	5,403,721
<b>OTHER REVENUE</b>			
Investment income	341,153	14,876	356,029
Legal settlement	15,143	-	15,143
State program co-pay requirement	(23,500)	23,500	-
State program contributions	38,127	1,261,147	1,299,274
Release of temporarily restricted net assets through fulfillment of state program restrictions	257,987	(257,987)	-
<b>TOTAL REVENUES</b>	<u>6,032,631</u>	<u>1,041,536</u>	<u>7,074,167</u>
<b>PROGRAM SERVICES</b>	5,154,139	-	5,154,139
<b>SUPPORTING SERVICES</b>	<u>1,854,189</u>	<u>-</u>	<u>1,854,189</u>
<b>TOTAL EXPENSES</b>	<u>7,008,328</u>	<u>-</u>	<u>7,008,328</u>
<b>CHANGE IN NET ASSETS</b>	(975,697)	1,041,536	65,839
<b>NET ASSETS</b>			
January 1, 2003	<u>4,365,999</u>	<u>613,263</u>	<u>4,979,262</u>
December 31, 2003	<u>\$ 3,390,302</u>	<u>\$ 1,654,799</u>	<u>\$ 5,045,101</u>

*See the Independent Auditors' Report  
and Notes to Financial Statements*

**JOCKEYS' GUILD, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31,**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2003</b>
Change in net assets	\$ 65,839
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	9,053
Reserve for future claims	850,000
Allowance for bad debt	342,000
Unrealized gains on investments	(250,631)
Realized gains on investments	(48,528)
Unearned revenue	17,158
Change in operating assets and liabilities:	
Accounts receivable	(560,154)
Prepaid expenses and other assets	52,392
State reimbursement receivable	(1,873,878)
Medical claims payable	285,745
Accrued expenses payable	95,371
Membership refund payable	(74,875)
Net cash used by operating activities	(1,090,508)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of investments	(161,827)
Proceeds from sale of investments	138,405
Purchases of furniture and equipment	(39,654)
Net cash used by investing activities	(63,076)
 <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	 (1,153,584)
 <b>CASH AND CASH EQUIVALENTS</b>	
<b>January 1, 2003</b>	4,161,996
<b>December 31, 2003</b>	\$ 3,008,412

*See the Independent Auditors' Report  
and Notes to Financial Statements*



**JOCKEYS' GUILD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2003**

**NOTE 1 - NATURE OF ORGANIZATION**

Jockeys' Guild, Inc. (the "Guild") is a Nevada corporation existing under Nevada Not-For-Profit Corporation Law. The Guild provides various benefits to its members, the jockeys. These benefits include health, life, and dental insurance as well as disability benefits. The level of benefits provided is dependent upon the members' classification. The insurance and disability benefits are funded with revenues received from its members and the disability benefits are also funded by the Thoroughbred Racing Associations of North America, Inc. through payments it makes for media rights (Note 8). The states of California, Delaware, and Massachusetts provide funding for benefits which are restricted for the use of jockey's riding in those respective states (Note 10). As of December 31, 2003 the Guild represented approximately 1,100 jockeys.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting** - The financial statements of the Guild have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Basis of Presentation** - The Guild reports information regarding its financial position and activities according to two classes of net assets: unrestricted net assets and temporarily restricted net assets. The net assets and revenues, gains and losses are classified based on the existence or absence of donor stipulated restrictions as follows:

*Unrestricted net assets* - Net assets that are not subject to donor-imposed restrictions.

*Temporarily restricted net assets* - Net assets that are subject to donor-imposed restrictions that can be fulfilled by actions of the Guild or that expire through the passage of time. These assets are accounted for in the Health and Welfare fund.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management make estimates and assumptions that may affect the reported amounts of assets and liabilities, the disclosures of contingent liabilities, and the reported amounts of revenues and expenses. Significant estimates have been made with respect to the ability to collect accounts receivable, the ultimate liability for member refunds payable, the ability to realize the gain arising from the estimated prepaid pension costs, market valuation of investments, medical claims payable, and reserves for estimated future claims. Actual results could differ from those estimates.

**Statement of Cash Flows** - For the purpose of the statement of cash flows, the Guild considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Guild maintains cash balances in federally insured institutions in excess of insured amounts.

The Guild paid no interest or taxes during the year ended December 31, 2003.

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*JOCKEYS' GUILD, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2003*

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts receivable** - Accounts receivable consist primarily of track revenues for media rights, member mount fees, assessments, and dues receivable.

**Investments** - Investments consist primarily of marketable equity and debt securities. The specific identification method is used to determine the carrying value of investment securities. The Guild accounts for investments at fair market value in the financial statements. The change in fair market value is recorded as an increase or decrease to net assets through investment income.

**Furniture and equipment** - Furniture and equipment are recorded at cost. Depreciation is calculated using the double declining balance method over the estimated useful lives of 5 to 7 years. The cost of normal maintenance and repairs is expensed as incurred. Additions and betterments of a major nature are capitalized. When furniture and equipment are retired from use or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any gains or losses are recorded in income or expense.

**Compensated absences** - The Guild has no policy regarding vacation or sick pay, and therefore, as of December 31, 2003, no accrual has been made for compensated absences.

**Revenue recognition** - The Guild's revenues consist primarily of mount fees, assessments, dues from members and revenues from race tracks for media rights. Mount fees are assessed on each mount ridden by a member and are recognized during the period in which the mount takes place (Note 7). Revenues from race tracks for media rights (Note 8) are recognized during the period in which the racing day occurs. The Guild is dependent on the overall economy of the thoroughbred racing industry.

**Grants, contributions, and donations** - All grants are considered to be available for unrestricted use unless specifically restricted by the grantor. Amounts received that are designated for future periods or restricted by the grantor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reported in the statement of activities as released to unrestricted net assets.

**Income taxes** - The Guild is exempt from federal income taxes under Section 501(c) (5) of the Internal Revenue Code as a labor organization and the laws of the state of Nevada. Therefore, no provision for federal or state income taxes has been accrued.

**Functional allocation of expenses** - The cost of providing the various programs and activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services provided.

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*JOCKEYS' GUILD, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2003*

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Self-funded health insurance** - Beginning in 2002, the Guild began providing self-funded health insurance (medical, dental, and vision) to its members. Under the self-funded insurance program, the Guild provides up to \$75,000 of eligible member and dependent health care coverage. Supplemental reinsurance is provided by a third-party insurer for health care claims in excess of \$75,000 up to \$1,000,000 per year (\$2,000,000). Life insurance is provided by Metlife. The Guild employs Marsh Risk and Insurance Services, Inc. ("Marsh") as consultants, who determine self-funded insurance premiums based on methodologies and actuarial practices consistent with insurance industry underwriting standards.

The Guild employs P5 Health Services, Inc. ("P5") as third-party administrator of the self-funded health insurance. The Guild's medical provider is Private Healthcare Systems, Inc. Safeco Corporation provides stop-loss reinsurance for medical coverage. Careington International Corporation provides dental services and Express Scripts, Inc. provides prescription fulfillment services.

**Claims payable** - Claims payable consist of claims in process at December 31, 2003 as well as an estimate of claims incurred, but not yet reported, for services provided prior to December 31, 2003. This estimate is based on claims history, average claims and payment processing time required by third-party administrators. Claim processing costs, when material, are also accrued based on the estimated expenses necessary to process the claims. Eligible health care claims are generally paid within a few months of members receiving services. Because medical claims payable includes various estimates, the Guild's actual costs may be more or less than the Guild's previously developed estimates. Adjustments of prior estimates may result in additional costs or a reduction of costs in the period the adjustment is made.

**Reserve for future claims** - The reserve for future claims is estimated in conjunction with the determination of self-funded health insurance premiums. Such estimates are developed using actuarial principles and assumptions that consider, among other things, expected claims using a claims lag table, membership demographics, historical claims activity, medical inflation, estimated claims for the year, a medical reserve, and a claims fluctuation rate.

In developing its best estimate of the reserve for future claims, the Guild consistently applies the actuarial principles and assumptions while also giving consideration to the potential variability of these factors. Reserve estimates are incorporated in premium computations developed by Marsh. Because the reserve for future claims includes various actuarially developed estimates, the Guild's actual claims costs may be more or less than the Guild's previous estimates. The reserve for future claims is monitored and reviewed with adjustments, if any, reflected in current operations.

The Guild's future results will depend, in part, on managements ability to predict self-funded insurance claims and manage insurance costs through underwriting criteria and negotiation of favorable insurance and reinsurance contracts. The Guild's ability to contain such costs may be affected by changes in member and dependent demographics, the health care and insurance industries, and inflation. The Guild's inability to mitigate any or all of these items or other factors may affect the Guild's future financial performance.

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*JOCKEYS' GUILD, INC.*  
*NOTES TO FINANCIAL STATEMENTS*  
*YEAR ENDED DECEMBER 31, 2003*

**NOTE 3 - ACCOUNTS RECEIVABLE**

The Guild has specifically identified and written-off or provided an allowance for all accounts of which the Guild considers collection to be doubtful. As of December 31, 2003 the Guild has recorded a \$325,000 allowance for bad debt which is netted against related accounts receivable.

**NOTE 4 - FURNITURE AND EQUIPMENT**

As of December 31, 2003, furniture and equipment consist of the following:

	2003
Computer hardware	\$ 85,591
Furniture & fixtures	93,567
	179,158
Less: accumulated depreciation and amortization	(147,436)
	\$ 31,722

**NOTE 5 - INVESTMENTS**

Marketable securities are unrestricted, managed by an investment manager, and held by a third-party trustee. As of December 31 they consist of:

	2003		Unrealized Gain (Loss) Cumulative
	Cost or Other Basis	Fair Value	
Unrestricted:			
Common/preferred stock	\$ 759,953	\$ 1,584,758	\$ 824,805

Investment income for the year ended December 31, 2003 consists of the following:

	2003
Net realized and unrealized gains, net	\$ 299,159
Interest and dividends	56,870
	\$ 356,029

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*JOCKEYS' GUILD, INC.  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 6 - INTERFUND BALANCE**

The interfund receivable (payable) represents the balance of amounts due from the Health and Welfare Trust Fund to reimburse the Guild for expenses incurred providing insurance and other benefits to the member jockeys (Note 10).

**NOTE 7 - MEMBER MOUNT FEES AND REFUNDS PAYABLE**

Jockeys that join the Guild agree to pay a fee each time they mount a horse in a race, in addition to their basic dues, to help fund the activities of the Guild. The fee was \$3 during 2003.

Regular active members of the Guild may elect to have an additional \$7 withheld from their mount fees and remitted to the Guild to pay for certain benefits such as medical insurance. To the extent the fees remitted exceed the cost of the benefits, a liability to the jockey is recorded.

Prior to 2002, the regular active members of the Guild could voluntarily participate in a savings plan under which a portion of each mount fee earned by the jockey was deposited in an individual savings account for, and in the name of, the jockey at a thrift institution. Member refunds payable is made up of the excess fees collected less costs paid plus any unpaid member savings plan accounts. The regular active members may request refund payments of these amounts at any time.

**NOTE 8 - MEDIA RIGHTS**

The Guild operates under an agreement with the Thoroughbred Racing Association of North America, Inc. (the "TRA"), which represents the racetracks. The agreement governs the use of jockeys' names and pictures for radio, television, and off-track betting purposes (e.g. media rights). For these media rights, each track contributes to the Guild, an amount for each mount raced as well as a fee for each race day the track was open. The contract was effective through December 31, 2002. Contract negotiations with the TRA are pending; however, the TRA has continued to perform based on the terms of the expired contract.

During 2003, the amounts paid to the Guild for each day that racing occurred and the fee for each jockey who mounted a horse were:

	Class A Race Meeting	Class B Race Meeting	Class C Race Meeting
Racing day fee	\$75	\$65	\$50
Mount fee	\$7.57	\$4.96	\$3.63

California race tracks do not pay the fee per race day. All monies earned under these agreements are recognized as media rights income.

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*JOCKEYS' GUILD, INC.*  
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**NOTE 9 - DEFINED BENEFIT PENSION PLAN**

The Guild has a non-contributory defined benefit pension plan, that covered substantially all of its employees through March 31, 2001 when the plan was frozen. The benefit obligation below reflects the obligation as of December 31, 2003. Benefits are based on years of service and the employees' highest average compensation for a 5-year consecutive period in the last 10 years of employment, through March 31, 2001. No further benefits accrue to plan participants after March 31, 2001. The Guild's funding policy is to satisfy the minimum contribution required by law, but such minimum contributions cannot be in excess of the maximum contributions permitted to taxable organizations by the Internal Revenue Code.

Net pension costs consist of the following for year ended December 31:

	<u>2003</u>
Service cost - benefits earned during the year	\$ -
Interest cost	225,414
Net amortization and deferral	-
Return on plan assets	<u>(296,671)</u>
Net periodic pension credit	<u>\$ (71,257)</u>

The assumptions used to develop the projected benefit obligation were:

	<u>2003</u>
Discount rate	6.5%
Rate of increase in salary levels	N/A
Expected long-term rate of return on plan assets	7.0%

The following table sets forth the plan's funded status and amounts recognized as of December 31, 2003. Actuarial present values of benefit obligation as of December 31 were:

	<u>2003</u>
Market value of plan assets	\$ 4,331,158
Benefit obligation	<u>(3,560,901)</u>
Funded status	770,257
Unrecognized net asset	-
Unrecognized net (gain)/loss	<u>(24,175)</u>
Prepaid pension costs	746,082
Valuation allowance	<u>(746,082)</u>
Prepaid pension costs net of valuation allowance	<u>\$ -</u>

The Guild has not recognized the gain on freezing the plan which resulted in estimated prepaid pension costs of \$746,082 as of December 31, 2003. Guild management does not believe the Guild will ultimately realize that gain.

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*JOCKEYS' GUILD, INC.*  
*NOTES TO FINANCIAL STATEMENTS*  
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**NOTE 10 - RESTRICTED STATE FUNDING**

The states of California, Delaware, and Massachusetts have passed legislation to provide funding to help defray the costs of providing certain health and welfare benefits for jockeys. The Guild has been appointed as the representative organization of California, Delaware, and Massachusetts jockeys under these programs. This funding, under the California and Delaware programs, is held in a separate health and welfare trust for each state. The Delaware legislation requires the Guild to pay into the trust \$500 for each eligible Delaware jockey participating in the program. The Guild's management determined there were forty-seven (47) eligible Delaware jockeys during 2003, and therefore paid \$23,500 into the Delaware trust. Delaware and California legislation provided for a maximum funding amount in the year enacted, which is adjusted annually for inflation. Net assets of the Health and Welfare Trust fund are balances for which temporary restrictions have not been satisfied and, therefore, are effectively unearned and retained in trust and available for future periods. Restricted state funding recognized during the year, the amounts for which restrictions were fulfilled (resulting in releases of the restricted net assets), state funding receivable and the remaining unearned restricted trust assets as of or for the year ending December 31 are:

	2003
State funds recognized	
California	\$ 904,659
Delaware	<u>356,488</u>
	<u>\$ 1,261,147</u>
State reimbursement receivable	
California	\$ 1,517,390
Delaware	<u>356,488</u>
	<u>\$ 1,873,878</u>
Remaining restricted net assets held in trust (unearned)	
California	\$ 612,411
Delaware	<u>1,042,388</u>
	<u>\$ 1,654,799</u>

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*JOCKEYS' GUILD, INC.*  
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**NOTE 10 - RESTRICTED STATE FUNDING (CONTINUED)**

Subsequent to December 31, 2003 the state of California released \$612,431 to fulfill \$870,847 of 2002 costs eligible for reimbursement and released \$904,659 to fulfill 2003 costs eligible for reimbursement. During 2004 the state of Delaware released \$356,488 of 2003 costs eligible for reimbursement. As of December 31, 2003 the Commonwealth of Massachusetts had provided the Guild cumulative funding (2002 and 2003) of \$130,000 and the Guild had incurred cumulative eligible costs of \$112,842. The remaining unearned revenue of \$17,158 is available to defray future costs the Guild incurs on behalf of Massachusetts jockeys, in excess of commonwealth funding provided.

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

**Litigation** - In the normal course of its operations, the Guild is involved in a variety of legal disputes. In the opinion of Guild management, the amount of ultimate liability with respect to all of these actions will not have a materially adverse effect on the financial condition of the Guild. As of December 31, 2003, no liability has been recorded with respect to any these actions.

On December 1, 2004, the Guild was named as a defendant in a lawsuit filed in New Jersey superior court by two Guild members. The action requests injunctive relief for the plaintiffs to receive a current accounting of the Guild's activities and access to the Guild's books and records. Guild legal counsel will prepare a response to the claim during December 2004. As such, no potential liability is determinable or has been accrued as of December 31, 2003.

The Guild and Matrix (see below) are plaintiffs in an action against a former independent contractor of Matrix. The defendant has filed a cross complaint against the Guild and certain of its officers and directors. This case is in the discovery stage and therefore no liability can be estimated as of December 31, 2003.

**NOTE 12 - RELATED PARTY TRANSACTIONS**

**Management Company** - The Guild retains the services of Matrix Capital Associates, Inc. ("Matrix"), as operating manager under an agreement that expires December 31, 2006. During 2003 management fees under this agreement were approximately \$412,000. The terms of the agreement specify that the Guild would employ Dr. Gertmenian as president and chief executive officer at an annual compensation of \$160,000. In addition, the Guild would provide directors and officers insurance, reasonable and customary disability insurance, \$12,000 per year of life insurance premiums with the beneficiaries to be designated by Dr. Gertmenian, a leased car with the cost to the Guild not to exceed \$500 per month and other reasonable customary business expenses. Matrix will provide leased facilities to the Guild for a ten (10) year period with the annual rent not to exceed \$97,464.

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*JOCKEYS' GUILD, INC.  
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YEAR ENDED DECEMBER 31, 2003*

**NOTE 12 - RELATED PARTY TRANSACTIONS (CONTINUED)**

On or before December 31st of each year, the parties agree to re-negotiate, extend, or terminate this contract. In the absence of such agreement, or if either party terminates this agreement for any reasons, the Guild will pay the balance of Dr. Gertmenian's salary owing on this three-year contract within ninety (90) days of written notification by either party.

**Disabled Jockeys' Fund** - The Disabled Jockeys' Fund (the "Fund") is a trust that was established in Kentucky in 1991 to accept charitable contributions for the purpose of providing benefits to jockeys who are temporarily or permanently disabled. The Fund and the Guild share administrative functions and management. The Guild pays certain administrative costs of the Fund, which are not material to the Guild's financial statements.

**Disabled Jockeys' Endowment, Inc.** - Disabled Jockeys' Endowment, Inc. (the "Endowment") is a trust established in Nevada in 2002 to accept charitable contributions on an endowment basis for the purpose of funding the Fund. Donations to the Endowment are permanently restricted by the donors. The benefits provided are to be paid out of investment earnings with no right to invade the principle. The president of the Guild represents the Guild's interest as a trustee of the board of directors of the Endowment. The Guild pays all administrative costs of the Endowment, which are not material to the financial statements of the Guild. During 2003 the Guild contributed \$250,000 to the Endowment.

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**JOCKEYS' GUILD, INC.**  
**SCHEDULE OF PROGRAM AND SUPPORTING SERVICES**  
**YEAR ENDED DECEMBER 31, 2003**

**PROGRAM SERVICES**

	2003
Insurance and disability benefits	
Health, dental, vision costs and insurance	\$ 2,129,311
Life insurance	229,338
Disability insurance	596,414
Third-party administration	1,200,349
Compensation and benefits	366,077
Professional services	120,703
Travel and lodging	261,392
Other	555
	4,904,139
Contribution to the Endowment	250,000
	\$ 5,154,139

**SUPPORTING SERVICES**

	2003
Compensation and benefits	\$ 274,597
Professional services	309,329
Transportation and lodging	153,928
Taxes and licenses	1,312
Occupancy costs	162,128
Bad debts	302,786
Conventions and meetings	74,444
Office supplies	82,247
Freight, postage and delivery	36,928
Dues and subscriptions	4,414
Management services	412,000
Other	40,076
	\$ 1,854,189

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Form **990** **Return of Organization Exempt from Income Tax** **2001**

Under Section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Department of the Treasury Internal Revenue Service

Open to Public Inspection

For the 2001 calendar year, or tax year beginning 2001, and ending 20

The organization may have to use a copy of this return to satisfy state reporting requirements.

**JOCKEYS' GUILD, INC.**  
PO BOX 250  
LEXINGTON, KY 40588-0250

Employer identification number: [REDACTED]

Telephone number: 859-259-3211

Accrual method:  Cash  Accrual

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

Web site: N/A

Organization type:  501(c) 3 (read no.)  4947(a)(1)  527

Gross receipts: Add lines 6h, 8b, 9b, and 10b to line 12. 4,910,338

Check  if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

Check  if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF).

**Revenue, Expenses, and Changes in Net Assets or Fund Balances (see instructions)**

1	Contributions, gifts, grants, and similar amounts received:		
a	Direct public support	1a	
b	Indirect public support	1b	
c	Government contributions (grants)	1c	
d	Total cash receipts through 12/31 (cash \$ _____ noncash \$ _____)	1d	0.
2	Program service revenue including government fees and contracts (from Part VII, line 93)	2	2,725,246
3	Membership dues and assessments	3	1,370,363
4	Interest on savings and temporary cash investments	4	51,123
5	Dividends and interest from securities	5	48,471
6a	Gross rents	6a	
6b	Less: rental expenses	6b	
6c	Net rental income or (loss) (subtract line 6b from line 6a)	6c	
7	Other investment income (describe _____)	7	
8a	Gross amount from sales of assets other than inventory	(A) Securities 8a	(B) Other
		710,220	
8b	Less: cost or other basis and sales expenses	8b	
		474,407	
8c	Gain or (loss) (attach schedule)	8c	
		235,813	
8d	Net gain or (loss) (combine line 8c, columns (A) and (B))	8d	235,813
9	Special events and activities (attach schedule)		
a	Gross revenue (not including \$ _____ of contributions reported on line 1a)	9a	
b	Less: direct expenses other than fundraising expenses	9b	
9c	Net income or (loss) from special events (subtract line 9b from line 9a)	9c	
10a	Gross sales of inventory, less returns and allowances	10a	
10b	Less: cost of goods sold	10b	
10c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c	
11	Other revenue (from Part VII, line 103)	11	4,915
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12	4,435,931
13	Program services (from line 44, column (B))	13	3,411,682
14	Management and general (from line 44, column (C))	14	1,418,473
15	Fundraising (from line 44, column (D))	15	
16	Payments to affiliates (attach schedule)	16	
17	Total expenses (add lines 16 and 44, column (A))	17	4,830,155
18	Excess or (deficit) for the year (subtract line 17 from line 12)	18	-394,224
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	3,719,991
20	Other changes in net assets or fund balances (attach explanation) SEE STATEMENT 2	20	132,099
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	3,457,866

BAA For Paperwork Reduction Act Notice, see the separate instructions. TREA0107L 01/01/02 Form 990 (2001)

**Part II Statement of Functional Expenses** All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others.

Do not include amounts reported on line 6a, 8b, 9b, 10b, or 16 of Part I.	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (all sch) (cash \$ _____ non-cash \$ _____)				
23 Specific assistance to individuals (all sch)				
24 Benefits paid to or for members (all sch)	3,147,777.	3,147,777.		
25 Compensation of officers, directors, etc.				
26 Other salaries and wages	503,146.		503,146.	
27 Pension plan contributions	8,993.		8,993.	
28 Other employee benefits				
29 Payroll taxes	22,897.		22,897.	
30 Professional fundraising fees				
31 Accounting fees	60,755.		60,755.	
32 Legal fees	73,481.		73,481.	
33 Supplies	15,987.		15,987.	
34 Telephone	30,211.		30,211.	
35 Postage and shipping	13,801.		13,801.	
36 Occupancy				
37 Equipment rental and maintenance	1,226.		1,226.	
38 Printing and publications				
39 Travel	187,841.		187,841.	
40 Conferences, conventions, and meetings	13,155.		13,155.	
41 Interest				
42 Depreciation, depletion, etc (attach schedule)	10,124.		10,124.	
43 Other expenses not covered above (itemize): a SEE STATEMENT 3	740,761.	263,905.	476,856.	
b				
c				
d				
e				
44 Total functional expenses (add lines 22 - 43). Organizations completing columns (B) - (D), carry these totals to lines 13 - 15.	4,830,155.	3,411,682.	1,418,473.	0.

Joint Costs. Check  if you are following SOP 98-2.  
Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services?  Yes  No  
If "Yes," enter (i) the aggregate amount of these joint costs \$ \_\_\_\_\_; (ii) the amount allocated to program services \$ \_\_\_\_\_; (iii) the amount allocated to management and general \$ \_\_\_\_\_; and (iv) the amount allocated to fundraising \$ \_\_\_\_\_.

**Part III Statement of Program Service Accomplishments**

What is the organization's primary exempt purpose? **LABOR ORGANIZATION**

All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) & (4) organizations & section 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants & allocations to others.)

Program Service Expenses (Required for 501(c)(3) and (4) organizations and 4947(a)(1) trusts; not optional for others.)	
a SEE STATEMENT 4 (Grants and allocations \$ _____)	3,411,682.
b (Grants and allocations \$ _____)	
c (Grants and allocations \$ _____)	
d (Grants and allocations \$ _____)	
e Other program services (Grants and allocations \$ _____)	
Total of Program Service Expenses (should equal line 44, column (B), program services)	3,411,682.

BAA TEEA102L 01/01/02 Form 990 (2001)

**Part IV Balance Sheets** (See instructions)

		(A) Beginning of year	(B) End of year
Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.			
45	Cash — non-interest-bearing.....		45
46	Savings and temporary cash investments.....	904,426.	46 2,123,038.
47 a	Accounts receivable.....	47 a 367,656.	
	b Less: allowance for doubtful accounts.....	47 b	47 c 367,656.
48 a	Pledges receivable.....	48 a	48 c
	b Less: allowance for doubtful accounts.....	48 b	49
49	Grants receivable.....		
50	Receivables from officers, directors, trustees, and key employees (attach schedule).....		50
51 a	Other notes & loans receivable (attach sch.).....	51 a	51 c
	b Less: allowance for doubtful accounts.....	51 b	
52	Inventories for sale or use.....		52
53	Prepaid expenses and deferred charges.....	83,817.	53 16,614.
54	Investments — securities (attach schedule) SEE STMT. 5 <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV.....	2,372,086.	54 1,669,093.
55 a	Investments — land, buildings, & equipment: basis (attach schedule).....	55 a	55 c
	b Less: accumulated depreciation (attach schedule).....	55 b	
56	Investments — other (attach schedule)..... SEE STMT. 6.....	12,881.	56 35,399.
57 a	Land, buildings, and equipment: basis.....	57 a 139,505.	
	b Less: accumulated depreciation (attach schedule)..... SEE STATEMENT 7.....	57 b 129,173.	57 c 20,456.
58	Other assets (describe <input type="checkbox"/> ).....		58
59	<b>Total assets (add lines 45 through 58) (must equal line 74).....</b>	<b>3,835,429.</b>	<b>59 4,222,132.</b>
60	Accounts payable and accrued expenses.....	115,438.	60 309,332.
61	Grants payable.....		61
62	Deferred revenue.....		62
63	Loans from officers, directors, trustees, and key employees (attach schedule).....		63
64 a	Tax-exempt bond liabilities (attach schedule).....		64 a
	b Mortgages and other notes payable (attach schedule).....		64 b
65	Other liabilities (describe <input type="checkbox"/> SEE STATEMENT 8.....)		65 454,934.
66	<b>Total liabilities (add lines 60 through 65).....</b>	<b>115,438.</b>	<b>66 764,266.</b>
Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
67	Unrestricted.....	3,126,677.	67 2,884,266.
68	Temporarily restricted.....	593,314.	68 573,600.
69	Permanently restricted.....		69
Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.			
70	Capital stock, trust principal, or current funds.....		70
71	Paid-in or capital surplus, or land, building, and equipment fund.....		71
72	Retained earnings, endowment, accumulated income, or other funds.....		72
73	<b>Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19 and column (B) must equal line 21).....</b>	<b>3,719,991.</b>	<b>73 3,457,866.</b>
74	<b>Total liabilities and net assets/fund balances (add lines 66 and 73).....</b>	<b>3,835,429.</b>	<b>74 4,222,132.</b>

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

BAA



Form 990 (2001) **JOCKEYS' GUILD, INC.** Page 5

**Part IV Other information** (See specific instructions.)

	Yes	No
76 Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity.		X
77 Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.		X
78a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		X
b If "Yes," has it filed a tax return on Form 990-T for this year?		N/A
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement.		X
80a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	X	
b If "Yes," enter the name of the organization: <b>SEE STATEMENT 10</b> and check whether it is <input checked="" type="checkbox"/> exempt or <input type="checkbox"/> nonexempt.		
81a Enter direct or indirect political expenditures. See line 81 instructions. <b>81a</b> 0.		
b Did the organization file Form 1120-POL for this year?		X
82a Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?		X
b If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.) <b>82b</b> N/A		
83a Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	X	
84a Did the organization solicit any contributions or gifts that were not tax deductible?		X
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		N/A
85 501(c)(4), (5), or (6) organizations: a Were substantially all dues nondeductible by members?	X	
b Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.		X
c Dues, assessments, and similar amounts from members <b>85c</b> N/A		
d Section 162(e) lobbying and political expenditures <b>85d</b> N/A		
e Aggregate nondeductible amount of Section 6033(e)(1)(A) dues notices <b>85e</b> N/A		
f Taxable amount of lobbying and political expenditures (line 85d less 85e) <b>85f</b> N/A		
g Does the organization elect to pay the Section 6033(e) tax on the amount on line 85f?		N/A
h If Section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?		N/A
86 501(c)(7) organizations: Enter: a Initiation fees and capital contributions included on line 12. <b>86a</b> N/A		
b Gross receipts, included on line 12, for public use of club facilities. <b>86b</b> N/A		
87 501(c)(12) organizations: Enter: a Gross income from members or shareholders. <b>87a</b> N/A		
b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) <b>87b</b> N/A		
88 At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations Sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX <b>88</b> X		
89a 501(c)(3) organizations: Enter: Amount of tax imposed on the organization during the year under: Section 4911 = <b>N/A</b> ; Section 4912 = <b>N/A</b> ; Section 4955 = <b>N/A</b>		
b 501(c)(3) and 501(c)(4) organizations: Did the organization engage in any Section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction. <b>89b</b> N/A		
c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under Sections 4912, 4955, and 4958 <b>N/A</b>		
d Enter: Amount of tax on line 89c, above, reimbursed by the organization. <b>N/A</b>		
90a List the states with which a copy of this return is filed = <b>NEW YORK</b>		
b Number of employees employed in the pay period that includes March 12, 2001 (see instructions) <b>90b</b> 12		
91 The books are in care of = <b>ALBERT FIGS</b> Telephone number = <b>859-259-3211</b> Located at = <b>250 WEST MAIN ST. 1820, LEXINGTON, KY</b> ZIP + 4 = <b>40508-0250</b>		
92 Section 4947(b)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here <b>N/A</b> = <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year. <b>92</b> N/A		

BAA



**Part VII Analysis of Income-Producing Activities** (See instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a CA HEALTH AND WELFARE					460,171.
b DELAWARE HEALTH & WEL					398,779.
c MEDIA RIGHTS REVENUE					1,866,296.
d					
e					
f Medicare/Medicaid payments					
g Fees & contracts from government agencies					
94 Membership dues and assessments					1,370,363.
95 Interest on savings & temporary cash investm			14	51,123.	
96 Dividends & interest from securities			14	48,471.	
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from pers prop					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	235,813.	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue: a					
b MISCELLANEOUS INCOME					4,915.
c					
e					
104 Subtotal (add columns (B), (D), and (E))				335,407.	4,100,524.
105 Total (add line 104, columns (B), (D), and (E))					4,435,931.

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

**Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes** (See instructions.)

Line No. Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).

SEE STATEMENT 11

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities** (See instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
GUILD PRODUCTS, INC. P.O. BOX 250 LEXINGTON LEXINGTON, KY 40588-0250	100.000 %	MERCHANDISING	0.	0.

**Part X Information Regarding Transfers Associated with Personal Benefit Contracts** (See instructions.)

a Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes  No

b Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes  No

Note: If "Yes" to (a), file Form 8870 and Form 4720 (see instructions).

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature of Officer: \_\_\_\_\_ Date: \_\_\_\_\_

Type or Print Name and Title: \_\_\_\_\_

**Paid Preparer's Use Only**

Preparer's Signature: PIAZZA, DONNELLY & MARLETTE Date: \_\_\_\_\_

Firm's name (or yours if self-employed) and address, and ZIP + 4: 21707 HANTHORNE BLVD., STE 301 TORRANCE, CA 90503

Check if self-employed:  Preparer's SSN or PTIN (see General instruction H): \_\_\_\_\_

EIN: \_\_\_\_\_ Phone no: (310) 540-4118

Form **4562**  
(Rev. March 2002)  
Department of the Treasury  
Internal Revenue Service

**Depreciation and Amortization**  
(Including Information on Listed Property)  
See separate instructions.  
Attach to your tax return.

OMB No. 1545-0172  
**2001**  
67  
Identifying Number

Name(s) Shown on Return  
**JOCKEYS' GUILD, INC.**

Business or Activity to Which This Form Relates  
**FORM 990/990-PF**

**Part I Election to Expense Certain Tangible Property Under Section 179**  
Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See instructions for a higher limit for certain businesses	1	\$24,000
2	Total cost of Section 179 property placed in service (see instructions)	2	
3	Threshold cost of Section 179 property before reduction in limitation	3	\$200,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of Section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2000 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2002. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)**

14	Special depreciation allowance for certain property (other than listed property) acquired after September 10, 2001 (see instructions)	14	
15	Property subject to Section 168(f)(1) election (see instructions)	15	
16	Other depreciation (including ACRS) (see instructions)	16	

**Part III MACRS Depreciation (Do not include listed property.) (See instructions)**

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2001	17	10,124
18	If you are electing under Section 1680(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here		

**Section B - Assets Placed in Service During 2001 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property					
b	5-year property					
c	7-year property					
d	10-year property					
e	15-year property					
f	20-year property					
g	25-year property		25 yrs		S/L	
h	Residential rental property		27.5 yrs	MM	S/L	
i	Nonresidential real property		27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	

**Section C - Assets Placed in Service During 2001 Tax Year Using the Alternative Depreciation System**

20a	Class life				S/L	
b	12-year		12 yrs		S/L	
c	40-year		40 yrs	MM	S/L	

**Part IV Summary (See instructions)**

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	10,124
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to Section 263A costs	23	

BAA For Paperwork Reduction Act Notice, see instructions. FD-2081Z 03/2002 Form 4562 (2001) (Rev 3-2002)

2001 FEDERAL STATEMENTS PAGE 1  
 JOCKEYS' GUILD, INC.

STATEMENT 1  
 FORM 990, PART I, LINE 8  
 NET GAIN (LOSS) FROM NONINVENTORY SALES

PUBLICLY TRADED SECURITIES

GROSS SALES PRICE:	710,220.	
COST OR OTHER BASIS:	474,407.	
	TOTAL GAIN (LOSS) PUBLICLY TRADED SECURITIES	\$ 235,813.
	TOTAL NET GAIN (LOSS) FROM NONINVENTORY SALES	\$ 235,813.

STATEMENT 2  
 FORM 990, PART I, LINE 20  
 OTHER CHANGES IN NET ASSETS OR FUND BALANCES

UNREALIZED LOSS ON INVESTMENTS.....	\$	-233,354.
UNRECONCILED DIFFERENCE IN FUND BALANCE.....		365,453.
	TOTAL \$	132,099.

STATEMENT 3  
 FORM 990, PART II, LINE 43  
 OTHER EXPENSES

	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT & GENERAL	(D) FUNDRAISING
ASSIST REG & PROMOTION RACING	263,905.	263,905.		
BAD DEBT EXPENSE	50,000.		50,000.	
BANK SERVICE CHARGES	307.		307.	
BOOKKEEPER	11,625.		11,625.	
CHARITABLE CONTRIBUTIONS	50.		50.	
COMPUTER SERVICES	31,594.		31,594.	
CONSULTING SERVICES	250,893.		250,893.	
CUSTODIAN FEES	26,274.		26,274.	
DIRECTOR & EXECUTIVE EXPENSES	6,522.		6,522.	
DUES & SUBSCRIPTIONS	4,157.		4,157.	
INSURANCE	21,298.		21,298.	
LICENSE & PERMITS	300.		300.	
NONMEMBER RETURNS	200.		200.	
RENT & PARKING	72,278.		72,278.	
SUPPORTING SERVICES	1,021.		1,021.	
TAXES	169.		169.	
UTILITIES	168.		168.	
TOTAL	\$ 740,761.	\$ 263,905.	\$ 476,856.	\$ 0.

2001	FEDERAL STATEMENTS	PAGE 2
JOCKEYS' GUILD, INC.		
STATEMENT 4 FORM 990, PART III, LINE A STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS		
DESCRIPTION	GRANTS AND ALLOCATIONS	PROGRAM SERVICE EXPENSES
JOCKEYS' GUILD IS A LABOR ORGANIZATION REPRESENTING APPROXIMATELY 800 MEMBERS. THE GUILD NEGOTIATES PERIODIC MASTER AGREEMENTS WITH THE THOROUGHBRED RACING ASSOCIATION. THE AGREEMENTS PROVIDE FOR MONETARY CONTRIBUTIONS TO THE GUILD TO PROVIDE FOR HEALTH, ACCIDENT AND OTHER MUTUAL BENEFITS TO THE JOCKEYS THROUGHOUT THE COUNTRY. ALSO, THE GUILD BARGAINS FOR AND OBTAINS DUE PROCESS PROCEDURES FOR JOCKEYS IN DISCIPLINARY PROCEEDINGS.		3,411,682.
		\$ 0. <u>\$3,411,682.</u>
STATEMENT 5 FORM 990, PART IV, LINE 54 INVESTMENTS - SECURITIES		
CORPORATE STOCKS	VALUATION METHOD	AMOUNT
CORPORATE STOCKS	COST	\$ 1,412,720.
		TOTAL \$ 1,412,720.
OTHER SECURITIES	VALUATION METHOD	AMOUNT
INVESTMENT SECURITIES	COST	256,373.
		TOTAL \$ 256,373.
TOTAL INVESTMENTS - SECURITIES		<u>\$ 1,669,093.</u>
STATEMENT 6 FORM 990, PART IV, LINE 56 INVESTMENTS - OTHER		
DESCRIPTION OF INVESTMENT	VALUATION METHOD	BOOK VALUE
DEPOSIT- INSURANCE TRUST	COST	\$ 34,399.
OTHER	COST	1,000.
		TOTAL \$ <u>35,399.</u>

2001 FEDERAL STATEMENTS PAGE 3  
 JOCKEYS' GUILD, INC.

STATEMENT 7  
 FORM 990, PART IV, LINE 57  
 LAND, BUILDINGS, AND EQUIPMENT

CATEGORY	BASIS	ACCUM. DEPREC.	BOOK VALUE
FURNITURE AND FIXTURES	\$ 80,008.	\$ 77,652.	\$ 2,356.
MACHINERY AND EQUIPMENT	59,497.	51,521.	7,976.
TOTAL	\$ 139,505.	\$ 129,173.	\$ 10,332.

STATEMENT 8  
 FORM 990, PART IV, LINE 65  
 OTHER LIABILITIES

MEMBER REFUND PAYABLE	\$ 454,933.
ROUNDING	1.
TOTAL	\$ 454,934.

STATEMENT 9  
 FORM 990, PART V  
 LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED	COMPEN-SATION	CONTRI-BUTION TO EBP & DC	EXPENSE ACCOUNT/ OTHER
DR. L WAYNE GERTMENIAN P.O. BOX 250 LEXINGTON, KY 40588-0250	PRESIDENT & CEO NONE	\$ 0.	\$ 0.	\$ 0.
ALBERT FISS P.O. BOX 250 LEXINGTON, KY 40588-0250	VICE PRESIDENT NONE	0.	0.	0.
TOMEY SWAN P.O. BOX 250 LEXINGTON, KY 40588-0250	CHAIRMAN 1	0.	0.	0.
MIKE MCCARTHY P.O. BOX 250 LEXINGTON, KY 40588-0250	VICE CHAIRMAN 1	0.	0.	0.
ROBERT COLTON P.O. BOX 250 LEXINGTON, KY 40588-0250	SECRETARY 1	0.	0.	0.
CHRIS MCCARRON P.O. BOX 250 LEXINGTON, KY 40588-0250	TREASURER 1	0.	0.	0.

<b>2001</b>	<b>FEDERAL STATEMENTS</b>	<b>PAGE 4</b>
JOCKEYS' GUILD, INC.		
<p><b>STATEMENT 9 (CONTINUED)</b>  <b>FORM 990, PART V</b>  <b>LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES</b></p>		
<u>NAME AND ADDRESS</u>	<u>TITLE AND AVERAGE HOURS PER WEEK DEVOTED</u>	<u>CONTRI- BUTION TO EXP. &amp; DC</u>
<u>EXPENSE ACCOUNT/ OTHER</u>	<u>COMPEN- SATION</u>	
ROBBIE DAVIS P.O. BOX 250 LEXINGTON, KY 40588-0250	DIRECTOR 1	\$ 0.
\$ 0.	\$ 0.	0.
KENT DESORNEAUX P.O. BOX 250 LEXINGTON, KY 40588-0250	DIRECTOR 1	0.
0.	0.	0.
LARRY REYNOLDS P.O. BOX 250 LEXINGTON, KY 40588-0250	DIRECTOR 1	0.
0.	0.	0.
RAY SIBILLE P.O. BOX 250 LEXINGTON, KY 40588-0250	DIRECTOR 1	0.
0.	0.	0.
NICKY WILSON P.O. BOX 250 LEXINGTON, KY 40588-0250	DIRECTOR 1	0.
0.	0.	0.
TOTAL		\$ 0. \$ 0. \$ 0.
<p><b>STATEMENT 10</b>  <b>FORM 990, PART VI, LINE 80B</b>  <b>RELATED ORGANIZATIONS</b></p>		
<u>NAME OF ORGANIZATION</u>	<u>EXEMPT</u>	<u>NONEXEMPT</u>
DISABLED JOCKEY'S ENDOWMENT INC.	X	
DISABLED JOCKEYS FUND	X	
JOCKEYS' GUILD HEALTH AND WELFARE FUND	X	
<p><b>STATEMENT 11</b>  <b>FORM 990, PART VII</b>  <b>RELATIONSHIP OF ACTIVITIES TO THE ACCOMPLISHMENT OF EXEMPT PURPOSES</b></p>		
<u>LINE #</u>	<u>EXPLANATION OF ACTIVITIES</u>	
93A	FUNDS USED TO ASSIST JOCKEYS' GUILD IN REPRESENTING APPROXIMATELY 800 JOCKEYS AS A LABOR ORGANIZATION.	
94	DUES AND ASSESSMENTS FROM THE GUILD MEMEBERS TO PROVIDE HEALTH, LIFE, AND DISABILITY BEBFITS TO MEMBERS. IN ADDITION, EMERGENCY ASSISTANCE FINANCIAL AID IS PROVIDED TO THOSE MEMEBRS IN GREATEST NEED.	
103B	MISCELLANEOUS INCOME USED TO CARRYOUT EXEMPT FUNCTIONS FOR THE ORGANIZATION.	

2001 FEDERAL BOOK DEPRECIATION SCHEDULE												PAGE 1			
JOCKEYS' GUILD, INC.															
JOB	DESCRIPTION	DATE ACQUIRED	DATE SOLD	COST/BASIS	BUS. USE PCT.	SPECIAL DEPR. ALLOW.	SP. DEPR.	PROG. DEPR.	DEPR. BASIS	PRIOR DEPR.	METHOD	LIFE	DATE	CURRENT DEPR.	
FORM 980/980-PF															
	FURNITURE AND FIXTURES														
2	OFFICE FURNITURE	5/01/98		80,008					80,008	72,778	2008 HY	7	12/90	4,874	
	TOTAL FURNITURE AND FIXTURE			80,008					80,008	72,778				4,874	
	MACHINERY AND EQUIPMENT														
1	COMPUTER HARDWARE/SOFTWARE	5/01/98		59,897					59,897	46,271	2008 HY	5	11/20	5,280	
	TOTAL MACHINERY AND EQUIPME			59,897					59,897	46,271				5,280	
	TOTAL DEPRECIATION			139,905					139,905	119,049				10,124	
	GRAND TOTAL DEPRECIATION			139,905					139,905	119,049				10,124	

Form **990** **Return of Organization Exempt from Income Tax** OMB No. 1545-0047  
**2002**  
 Department of the Treasury Internal Revenue Service Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation) Open to Public Inspection  
 The organization may have to use a copy of this return to satisfy state reporting requirements

**A** For the 2002 calendar year, or tax year beginning 2002, and ending

**B** Check if applicable:  
 Address change  
 Name change  
 Initial return  
 Final return  
 Amended return  
 Application pending

Please use IRS label or print or type. See specific instructions.  
**JOCKEYS' GUILD, INC.**  
 P.O. BOX 150  
 MONROVIA, CA 91017

**D** Employer identification number  
 501(c) 5 (insert no.)  4947(a)(1) or  527

**E** Telephone number  
 866-465-6257

**F** Accounting method:  Cash  Accrual  
 Other (specify)

**G** Web site: N/A

**H** (a) Is this a group return for affiliates? Yes  No   
 (b) If 'Yes,' enter number of affiliates:   
 (c) Are all affiliates included? Yes  No   
 (d) Is this a separate return filed by an organization covered by a group ruling? Yes  No

**I** Enter 4-digit GEN:   
**M** Check  if the organization is not required to attach Schedule B (Form 990, 990-LT, or 990-PF).

**J** Organization type (check only one)  501(c) 5 (insert no.)  4947(a)(1) or  527

**K** Check here  if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

**L** Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12. 6,407,612

**Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances** (See Instructions)

1	Contributions, gifts, grants, and similar amounts received:		
a	Direct public support	1a	
b	Indirect public support	1b	
c	Government contributions (grants)	1c	
d	Total cash items (a through 1c) (cash \$ noncash \$)	1d	0.
2	Program service revenue including government fees and contracts (from Part VII, line 93)	2	3,525,589.
3	Membership dues and assessments	3	2,599,363.
4	Interest on savings and temporary cash investments	4	44,197.
5	Dividends and interest from securities	5	42,463.
6a	Gross rents	6a	
b	Less: rental expenses	6b	
c	Net rental income or (loss) (subtract line 6b from line 6a)	6c	
7	Other investment income (describe)	7	
8a	Gross amount from sales of assets other than inventory	(A) Securities 8a	(B) Other
		196,000.	
b	Less: cost or other basis and sales expenses	8b	
		189,326.	
c	Gain or (loss) (attach schedule)	8c	STATEMENT 1
		6,674.	
d	Net gain or (loss) (combine line 8c, columns (A) and (B))	8d	6,674.
9	Special events and activities (attach schedule)		
a	Gross revenue (not including \$ of contributions reported on line 1a)	9a	
b	Less: direct expenses other than fundraising expenses	9b	
c	Net income or (loss) from special events (subtract line 9b from line 9a)	9c	
10a	Gross sales of inventory, less returns and allowances	10a	
b	Less: cost of goods sold	10b	
c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c	
11	Other revenue (from Part VII, line 103)	11	
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12	6,218,286.
13	Program services (from line 44, column (B))	13	3,320,509.
14	Management and general (from line 44, column (C))	14	1,169,161.
15	Fundraising (from line 44, column (D))	15	
16	Payments to affiliates (attach schedule)	16	
17	Total expenses (add lines 16 and 44, column (A))	17	4,489,670.
18	Excess or (deficit) for the year (subtract line 17 from line 12)	18	1,728,616.
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	3,457,866.
20	Other changes in net assets or fund balances (attach explanation)	20	SEE STATEMENT 2 (-207,220)
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	4,979,262.

BAA For Paperwork Reduction Act Notice, see the separate instructions. TEEA0107L 09/04/02 Form 990 (2002)



**Part II** Statement of Functional Expenses. All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others.

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (att sch) (cash \$ _____ non-cash \$ _____) 22				
23 Specific assistance to individuals (att sch) 23				
24 Benefits paid to or for members (att sch) 24	2,886,320.	2,886,320.		
25 Compensation of officers, directors, etc. 25	75,000.			
26 Other salaries and wages 26	302,333.		302,333.	
27 Pension plan contributions 27	54,938.		54,938.	
28 Other employee benefits 28				
29 Payroll taxes 29	22,649.		22,649.	
30 Professional fundraising fees 30				
31 Accounting fees 31	97,230.		97,230.	
32 Legal fees 32	133,192.		133,192.	
33 Supplies 33	55,335.		55,335.	
34 Telephone 34	38,262.		38,262.	
35 Postage and shipping 35	17,434.		17,434.	
36 Occupancy 36				
37 Equipment rental and maintenance 37	1,832.		1,832.	
38 Printing and publications 38				
39 Travel 39	95,339.		95,339.	
40 Conferences, conventions, and meetings 40	8,925.		8,925.	
41 Interest 41				
42 Depreciation, depletion, etc (attach schedule) 42	9,211.		9,211.	
43 Other expenses not covered above (itemize):				
a SEE STATEMENT 3 43a	766,670.	434,189.	332,481.	
b 43b				
c 43c				
d 43d				
e 43e				
44 Total functional expenses (add lines 22-43; Organizations completing columns (B)-(D) carry these totals to lines 13-15.) 44	4,564,670.	3,320,509.	1,169,161.	0.

Joint Costs. Check  if you are following SOP 98-2.  
 Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services?  Yes  No  
 If 'Yes,' enter (i) the aggregate amount of these joint costs \$ \_\_\_\_\_; (ii) the amount allocated to program services \$ \_\_\_\_\_; (iii) the amount allocated to management and general \$ \_\_\_\_\_; and (iv) the amount allocated to fundraising \$ \_\_\_\_\_.

**Part III** Statement of Program Service Accomplishments

What is the organization's primary exempt purpose? LABOR ORGANIZATION	Program Service Expenses (Required for 501(c)(3) and (4) organizations and 4947(a)(1) trusts but optional for others.)
a SEE STATEMENT 4	
(Grants and allocations \$ _____)	3,320,509.
b _____	
(Grants and allocations \$ _____)	
c _____	
(Grants and allocations \$ _____)	
d _____	
(Grants and allocations \$ _____)	
e Other program services _____	
(Grants and allocations \$ _____)	
f Total of Program Service Expenses (should equal line 44, column (B), program services) _____	3,320,509.

**Part IV Balance Sheets** (See instructions)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year	(B) End of year
45	Cash — non-interest-bearing		45
46	Savings and temporary cash investments	2,123,038	46 4,161,996
47 a	Accounts receivable	47 a 520,780	
	b Less: allowance for doubtful accounts	47 b 367,656	47 c 520,780
48 a	Pledges receivable	48 a	48 a
	b Less: allowance for doubtful accounts	48 b	48 c
49	Grants receivable		49
50	Receivables from officers, directors, trustees, and key employees (attach schedule)		50
51 a	Other notes & loans receivable (attach sch)	51 a	
	b Less: allowance for doubtful accounts	51 b	51 c
52	Inventories for sale or use		52
53	Prepaid expenses and deferred charges	16,614	53 18,947
54	Investments — securities (attach schedule). SEE ST. 5 <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	1,669,093	54 1,313,208
55 a	Investments — land, buildings, & equipment: basis	55 a	
	b Less: accumulated depreciation (attach schedule)	55 b	55 c
56	Investments — other (attach schedule)	35,399	56 26,399
57 a	Land, buildings, and equipment: basis	57 a 139,505	
	b Less: accumulated depreciation (attach schedule). SEE STATEMENT 6	57 b 138,383	57 c 1,122
58	Other assets (describe)		58
59	<b>Total assets</b> (add lines 45 through 58) (must equal line 74)	4,222,132	59 6,042,452
60	Accounts payable and accrued expenses	309,332	60 217,933
61	Grants payable		61
62	Deferred revenue		62
63	Loans from officers, directors, trustees, and key employees (attach schedule)		63
64 a	Tax-exempt bond liabilities (attach schedule)		64 a
	b Mortgages and other notes payable (attach schedule)		64 b
65	Other liabilities (describe SEE STATEMENT 7)	454,934	65 845,257
66	<b>Total liabilities</b> (add lines 60 through 65)	764,266	66 1,063,190
Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
67	Unrestricted	2,884,266	67 4,300,999
68	Temporarily restricted	573,600	68 678,263
69	Permanently restricted		69
Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.			
70	Capital stock, trust principal, or current funds		70
71	Paid-in or capital surplus, or land, building, and equipment fund		71
72	Retained earnings, endowment, accumulated income, or other funds		72
73	<b>Total net assets or fund balances</b> (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19; column (B) must equal line 21)	3,457,866	73 4,979,262
74	<b>Total liabilities and net assets/fund balances</b> (add lines 66 and 73)	4,222,132	74 6,042,452

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

9AA

Part IV A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See instructions.)		Part IV B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return	
a	Total revenue, gains, and other support per audited financial statements	a	Total expenses and losses per audited financial statements
	6,011,066		4,489,670
b	Amounts included on line a but not on line 12, Form 990:	b	Amounts included on line a but not on line 17, Form 990:
(1)	Net unrealized gains on investments \$ -207,478	(1)	Donated services and use of facilities
(2)	Donated services and use of facilities	(2)	Prior year adjustments reported on line 20, Form 990
(3)	Recoveries of prior year grants	(3)	Losses reported on line 20, Form 990
(4)	Other (specify):	(4)	Other (specify):
	SEE STM B \$ 258		
	Add amounts on lines (1) through (4)		Add amounts on lines (1) through (4)
	-207,220		
c	Line a minus line b	c	Line a minus line b
	6,218,286		4,489,670
d	Amounts included on line 12, Form 990 but not on line a:	d	Amounts included on line 17, Form 990 but not on line a:
(1)	Investment expenses not included on line 6b, Form 990	(1)	Investment expenses not included on line 6b, Form 990
(2)	Other (specify):	(2)	Other (specify):
	Add amounts on lines (1) and (2)		Add amounts on lines (1) and (2)
e	Total revenue per line 12, Form 990 (line c plus line d)	e	Total expenses per line 17, Form 990 (line c plus line d)
	6,218,286		4,489,670

**Part V List of Officers, Directors, Trustees, and Key Employees** (List each one even if not compensated; see instructions.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans and deferred compensation	(E) Expense account and other allowances
SEE STATEMENT 9		75,000	0	0

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations?  Yes  No  
If 'Yes,' attach schedule - see instructions.

Form 990 (2002) **JOCKEYS' GUILD, INC.** Page 5

**Part VII Other Information** (See instructions.)

	Yes	No
76 Did the organization engage in any activity not previously reported to the IRS? If 'Yes,' attach a detailed description of each activity.		X
77 Were any changes made in the organizing or governing documents but not reported to the IRS? If 'Yes,' attach a conformed copy of the changes.		X
78a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	X	
78b If 'Yes,' has it filed a tax return on Form 990-T for this year?	N/A	
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If 'Yes,' attach a statement.		X
80a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc. to any other exempt or nonexempt organization?	X	
80b If 'Yes,' enter the name of the organization: <u>SEE STATEMENT 10</u> and check whether it is <input checked="" type="checkbox"/> exempt or <input checked="" type="checkbox"/> nonexempt.		
81a Enter direct or indirect political expenditures. See line 81 instructions. 81a 0.		
81b Did the organization file Form 1120-POL for this year?		X
82a Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?		X
82b If 'Yes,' you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part II.) 82b N/A		
83a Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
83b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	X	
84a Did the organization solicit any contributions or gifts that were not tax deductible?	X	
84b If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	N/A	
85 501(c)(4), (5), or (6) organizations: a Were substantially all dues nondeductible by members?	X	
85b Did the organization make only in-house lobbying expenditures of \$2,000 or less? If 'Yes,' was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.	X	
85c Dues, assessments, and similar amounts from members 85c 0.		
85d Section 162(e) lobbying and political expenditures 85d 0.		
85e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices 85e 0.		
85f Taxable amount of lobbying and political expenditures (line 85d less 85e) 85f 0.		
85g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	N/A	
85h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	N/A	
86 501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12 86a N/A		
b Gross receipts, included on line 12, for public use of club facilities 86b N/A		
87 501(c)(12) organizations. Enter: a Gross income from members or shareholders 87a N/A		
b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) 87b N/A		
88 At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If 'Yes,' complete Part IX. 88 X		
89a 501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 = N/A; section 4912 = N/A; section 4955 = N/A		
89b 501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If 'Yes,' attach a statement explaining each transaction. 89b N/A		
c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958. N/A		
d Enter: Amount of tax on line 89c, above, reimbursed by the organization. N/A		
90a List the states with which a copy of this return is filed: <u>NEW YORK</u>		
90b Number of employees employed in the pay period that includes March 12, 2002 (See instructions.) 90b 7		
91 The books are in care of: <u>STEPHEN J. RICE</u> Telephone number: _____ Located at: <u>P.O. BOX 150, MONROVIA CA</u> ZIP + 4: <u>91017</u>		
92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here. N/A		
and enter the amount of tax-exempt interest received or accrued during the tax year. 92 0		

**Part VII: Analysis of Income-Producing Activities** (See instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a CA HEALTH AND WELFARE					884,235.
b DELAWARE HEALTH & WEL					385,597.
c JOCKEYS GUILD, INC					65,000.
d MEDIA RIGHTS REVENUE					2,190,757.
e					
f Medicare/Medicaid payments					
g Fees & contracts from government agencies					
94 Membership dues and assessments					2,599,363.
95 Interest on savings & temporary cash investm.			14	44,197.	
96 Dividends & interest from securities			14	42,463.	
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from pers prop					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	6,674.	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue: a					
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))				93,334.	6,124,952.
105 Total (add line 104, columns (B), (D), and (E))					6,218,286.

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

**Part VIII: Relationship of Activities to the Accomplishment of Exempt Purposes** (See instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
1	SEE STATEMENT 11

**Part IX: Information Regarding Taxable Subsidiaries and Disregarded Entities** (See instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
GUILD PRODUCTS, INC. P.O. BOX 150 MONROVIA, CA 91017	100.000 %	MERCHANDISING	289.	15,048.

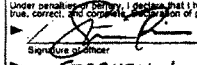
**Part X: Information Regarding Transfers Associated with Personal Benefit Contracts** (See instructions.)

a Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?  Yes  No

b Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?  Yes  No


Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Under penalty of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please Sign Here:  Date: 21 NOV 2003

Signature of officer: STEPHEN J. RICE, CFO

Type or print name and title

Paid/Preparer's Use Only: Preparer's signature:  Date: 11/19/03

Check if self-employed:

Preparer's SSN or PTIN (see General instruction IV)

Firm's name (or name of self-employed person) and address: BLAZINA, DONNELLY & MARLETTE, 21707 HAWTHORNE BLVD., STE 301, TORRANCE, CA 90503

EIN: Phone no: (310) 540-4118

Form **4562** **Depreciation and Amortization (Including Information on Listed Property)** OMB No. 1545-0172  
 Department of the Treasury Internal Revenue Service **2002**  
 67

Name(s) shown on return: **JOCKEYS' GUILD, INC.**  
 Business or activity to which this form relates: **FORM 990/990-PF**

**Part I Election To Expense Certain Tangible Property Under Section 179**  
 Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See instructions for a higher limit for certain businesses	1	\$24,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$200,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2001 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2003. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)**

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election (see instructions)	15	
16	Other depreciation (including ACRS) (see instructions)	16	

**Part III MACRS Depreciation (Do not include listed property.) (See instructions)**

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2002	17	9,210
18	If you are electing under section 168(f)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

**Section B - Assets Placed in Service During 2002 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	
				MM	S/L	

**Section C - Assets Placed in Service During 2002 Tax Year Using the Alternative Depreciation System**

20 a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

**Part IV Summary (see instructions)**

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	9,210
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

2002	FEDERAL STATEMENTS	PAGE 1		
<b>JOCKEYS' GUILD, INC.</b>				
<b>STATEMENT 1</b> FORM 990, PART I, LINE 8 <b>NET GAIN (LOSS) FROM NONINVENTORY SALES</b>				
<b>NONPUBLICLY TRADED SECURITIES</b>				
DESCRIPTION:	SECURITIES			
DATE ACQUIRED:	VARIOUS			
HOW ACQUIRED:	PURCHASED			
DATE SOLD:	VARIOUS			
TO WHOM SOLD:				
GROSS SALES PRICE:	196,000.			
COST OR OTHER BASIS:	189,326.			
	GAIN (LOSS)	6,674.		
TOTAL GAIN (LOSS) NONPUBLICLY TRADED SECURITIES		<u>\$ 6,674.</u>		
TOTAL NET GAIN (LOSS) FROM NONINVENTORY SALES		<u>\$ 6,674.</u>		
<b>STATEMENT 2</b> FORM 990, PART I, LINE 20 <b>OTHER CHANGES IN NET ASSETS OR FUND BALANCES</b>				
ADJUSTMENT TO REALIZED GAIN.....	\$	258.		
UNREALIZED LOSS ON INVESTMENTS.....		<u>-207,478.</u>		
	TOTAL	<u>\$ -207,220.</u>		
<b>STATEMENT 3</b> FORM 990, PART II, LINE 43 <b>OTHER EXPENSES</b>				
	(A)	(B)	(C)	(D)
	<u>TOTAL</u>	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT &amp; GENERAL</u>	<u>FUNDRAISING</u>
ASSIST REG & PROMOTION RACING	434,189.	434,189.		
BAD DEBT EXPENSE	40,085.		40,085.	
BANK SERVICE CHARGES	12,389.		12,389.	
BOOKKEEPER	17,548.		17,548.	
BUSINESS PROMOTION	9,215.		9,215.	
CHARITABLE CONTRIBUTIONS	600.		600.	
COMPUTER SERVICES	91,899.		91,899.	
DUES & SUBSCRIPTIONS	5,004.		5,004.	
FIDUCIARY FEES - HEALTH & WELF	22,709.		22,709.	
INSURANCE	9,714.		9,714.	
LICENSE & PERMITS	1,288.		1,288.	
MARKETING	9,792.		9,792.	
RENT & PARKING	109,674.		109,674.	
TAXES	1,624.		1,624.	
UTILITIES	940.		940.	
TOTAL	<u>\$ 766,670.</u>	<u>\$ 434,189.</u>	<u>\$ 332,481.</u>	<u>\$ 0.</u>

2002 FEDERAL STATEMENTS PAGE 2  
 JOCKEYS' GUILD, INC.

STATEMENT 4  
 FORM 990, PART III, LINE A  
 STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

DESCRIPTION	GRANTS AND ALLOCATIONS	PROGRAM SERVICE EXPENSES
JOCKEYS' GUILD IS A LABOR ORGANIZATION REPRESENTING APPROXIMATELY 800 MEMBERS. THE GUILD NEGOTIATES PERIODIC MASTER AGREEMENTS WITH THE THOROUGHBRED RACING ASSOCIATION. THE AGREEMENTS PROVIDE FOR MONETARY CONTRIBUTIONS TO THE GUILD TO PROVIDE FOR HEALTH, ACCIDENT AND OTHER MUTUAL BENEFITS TO THE JOCKEYS THROUGHOUT THE COUNTRY. ALSO, THE GUILD BARGAINS FOR AND OBTAINS DUE PROCESS PROCEDURES FOR JOCKEYS IN DISCIPLINARY PROCEEDINGS.		3,320,509.
	\$ 0.	\$ 3,320,509.

STATEMENT 5  
 FORM 990, PART IV, LINE 54  
 INVESTMENTS - SECURITIES

CORPORATE STOCKS	VALUATION METHOD	AMOUNT
CORPORATE STOCKS	COST	\$ 1,262,177.
	TOTAL	\$ 1,262,177.
OTHER SECURITIES	VALUATION METHOD	AMOUNT
INVESTMENT SECURITIES	COST	51,031.
	TOTAL	\$ 51,031.
TOTAL INVESTMENTS - SECURITIES		\$ 1,313,208.

STATEMENT 6  
 FORM 990, PART IV, LINE 57  
 LAND, BUILDINGS, AND EQUIPMENT

CATEGORY	BASIS	ACCUM. DEPREC.	BOOK VALUE
FURNITURE AND FIXTURES	\$ 80,008.	\$ 80,008.	\$ 0.
MACHINERY AND EQUIPMENT	59,497.	58,375.	1,122.
TOTAL	\$ 139,505.	\$ 138,383.	\$ 1,122.



2002		FEDERAL STATEMENTS		PAGE 3	
JOCKEYS' GUILD, INC.					
<b>STATEMENT 7</b>					
FORM 990, PART IV, LINE 65					
OTHER LIABILITIES					
MEMBER REFUND PAYABLE.....		\$	845,256.		
ROUNDING.....			1.		
		<b>TOTAL</b>	<b>\$</b>	<b>845,257.</b>	
<b>STATEMENT 8</b>					
FORM 990, PART IV-A, LINE B(4)					
OTHER AMOUNTS					
ADJUSTMENT TO REALIZED GAIN.....		\$	258.		
		<b>TOTAL</b>	<b>\$</b>	<b>258.</b>	
<b>STATEMENT 9</b>					
FORM 990, PART V					
LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES					
NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED	COMPEN- SATION	CONTRI- BUTION TO EBF & DC	EXPENSE ACCOUNT/ OTHER	
DR. I WAYNE GERTMENIAN P.O. BOX 150 MONROVIA, CA 91017	PRESIDENT & CEO NONE	\$ 75,000.	\$ 0.	\$ 0.	0.
ALBERT FISS P.O. BOX 150 MONROVIA, CA 91017	VICE PRESIDENT NONE		0.	0.	0.
TOMEY SWAN P.O. BOX 150 MONROVIA, CA 91017	CHAIRMAN 1		0.	0.	0.
MIKE MCCARTHY P.O. BOX 150 MONROVIA, CA 91017	VICE CHAIRMAN 1		0.	0.	0.
ROBERT COLTON P.O. BOX 150 MONROVIA, CA 91017	SECRETARY 1		0.	0.	0.
CHRIS MCCARRON P.O. BOX 150 MONROVIA, CA 91017	TREASURER 1		0.	0.	0.
ROBBIE DAVIS P.O. BOX 150 MONROVIA, CA 91017	DIRECTOR 1		0.	0.	0.

2002 FEDERAL STATEMENTS PAGE 4  
 JOCKEYS' GUILD, INC.

STATEMENT 9 (CONTINUED)  
 FORM 990, PART V  
 LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED	COMPEN- SATION	CONTRI- BUTION TO EBP & DC	EXPENSE ACCOUNT/ OTHER
KENT DESORMEAUX P.O. BOX 150 MONROVIA, CA 91017	DIRECTOR 1	\$ 0.	\$ 0.	0.
LARRY REYNOLDS P.O. BOX 150 MONROVIA, CA 91017	DIRECTOR 1	0.	0.	0.
RAY SIBILLE P.O. BOX 150 MONROVIA, CA 91017	DIRECTOR 1	0.	0.	0.
NICKY WILSON P.O. BOX 150 MONROVIA, CA 91017	DIRECTOR 1	0.	0.	0.
ALICE GALSTIAN 630 THE VILLAGE #117 REDONDO BEACH, CA 90277	CFO NONE	0.	0.	0.
STEPHEN J. RICE P.O. BOX 150 MONROVIA, CA 91017	CONTROLLER NONE	0.	0.	0.
TOTAL		\$ 75,000.	\$ 0.	0.

STATEMENT 10  
 FORM 990, PART VI, LINE 80B  
 RELATED ORGANIZATIONS

NAME OF ORGANIZATION	EXEMPT	NONEXEMPT
DISABLED JOCKEY'S ENDOWMENT INC.	X	
DISABLED JOCKEYS FUND	X	
GUILD PRODUCTS, INC		X
JOCKEYS' GUILD HEALTH AND WELFARE FUND	X	

STATEMENT 11  
 FORM 990, PART VIII  
 RELATIONSHIP OF ACTIVITIES TO THE ACCOMPLISHMENT OF EXEMPT PURPOSES

LINE #	EXPLANATION OF ACTIVITIES
93A-D	FUNDS USED TO ASSIST JOCKEYS' GUILD IN REPRESENTING APPROXIMATELY 800 JOCKEYS AS A LABOR ORGANIZATION.
94	DUES AND ASSESSMENTS FROM THE GUILD MEMEBERS TO PROVIDE HEALTH, LIFE, AND DISABILITY BEBFITS TO MEMBERS. IN ADDITION, EMERGENCY ASSISTANCE FINANCIAL AID IS PROVIDED TO THOSE MEMEBRS IN GREATEST NEED.

12/31/02		2002 FEDERAL BOOK DEPRECIATION SCHEDULE										PAGE 1		
												JOCKEYS' GUILD, INC.		
AND	DESCRIPTION	DATE ACQUIRED	DATE	CUR	BUS	SPECIAL	PRIOR	PRIOR	DEPR	PRIOR	METHOD	LIFE	RATE	CURRENT
FORM				179	EXC	179	BONUS/	DEPR	BASIS	DEPR				DEPR
990				DEPR	BONUS	DEPR	SE	SE						
1F				DEPR	ALLOW	ALLOW	DEPR	DEPR						
	FURNITURE AND FIXTURES													
	2 OFFICE FURNITURE	6/01/98		80,008					80,008	71,652	2008 HY	7	08900	2,356
	TOTAL FURNITURE AND FIXTURE			80,008					80,008	71,652				2,356
	MACHINERY AND EQUIPMENT													
	1 COMPUTER HARD/SOFTWARE	6/01/98		59,497					59,497	51,521	2008 HY	5	11500	6,814
	TOTAL MACHINERY AND EQUIPME			59,497					59,497	51,521				6,814
	TOTAL DEPRECIATION			139,505					139,505	123,173				9,270
	GRAND TOTAL DEPRECIATION			139,505					139,505	123,173				9,270



**JOCKEYS' GUILD, INC.**  
PO BOX 150 • MONROVIA, CALIFORNIA 91017-0150, USA  
phone | 626.305.5605 • facsimile | 626.305.5615

# ***FAX cover sheet***

<b>TO:</b> Lloyd Ownbey	<b>FROM:</b> Gevork G. Asatryan
<b>COMPANY:</b>	<b>DATE:</b> Wednesday, June 29, 2005
<b>FAX NUMBER:</b>	<b>TOTAL NO. OF PAGES INCLUDING COVER:</b> 2+1
<b>PHONE NUMBER:</b>	<b>RE:</b> Guild Employee Compensation 1999 - 2003

**COMMENTS:**

Dear Lloyd:

Following this page please find two pages of data containing lists of Guild employees and their respective annual compensations from 1999 through 2003. This data was collected from archived documents such as LM-2 Forms and W-2 Forms.

I have not prepared a separate table for Matrix, because I only have the annual socials paid to Matrix Capital Associates, Inc. for consulting services. Below is the amounts paid in 2001, 2002, 2003 and 2004. Figures from 2001 through 2003 are obtained from the LM-2 forms and 2004 is directly from our accounting books because LM-2 Form for 2004 has not been filed yet.

2001: \$162,204  
 2002: \$365,703  
 2003: \$412,000  
 2004: \$335,000

Best,

Gevork G. Asatryan

---

The information contained in this communication may be privileged, confidential, and protected from disclosure under applicable law. If the reader of this communication is not the intended recipient, or an employee or agent responsible for delivering this communication to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify the sender by telephone and destroy the facsimile copy immediately.

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**Guided Employee Annual Compensation**

Year	Last Name:	First Name:	Compensation	Year	Last Name:	First Name:	Compensation
1999	Beeks,	Ronald G.	\$ 5,087.64	2000	Beach,	John W.	\$ 57,864.25
	Baze,	Gary G.	\$ 53,291.28		Bourmais,	Peter	\$ 64,078.33
	Beach,	John W.	\$ 56,178.96		Brooks,	Cheryl L.	\$ 26,955.56
	Bourmais,	Peter	\$ 62,212.07		Doolley,	Carolyn F.	\$ 37,083.58
	Brooks,	Cheryl L.	\$ 26,124.07		Govvanni,	John	\$ 142,670.41
	Doolley,	Carolyn F.	\$ 7,600.00		Haire,	Darrell J.	\$ 49,058.29
	Edwards,	James W.	\$ 36,737.32		Moore,	David N.	\$ 44,325.02
	Govvanni,	John	\$ 138,515.05		Moore,	Shavawn	\$ 31,676.55
	Haire,	Darrell J.	\$ 1,875.00		Samsell,	Lazaro F.	\$ 48,924.96
	Larville,	Tian D.	\$ 26,188.22		Solomons,	Michael P.	\$ 60,169.44
	Moore,	David N.	\$ 5,166.68		Ward,	Carol C.	\$ 57,044.35
	Moore,	Shavawn	\$ 29,801.07		Willis,	Vickie L.	\$ 23,180.22
	Samsell,	Lazaro F.	\$ 37,083.32		<b>Total</b>		<b>\$ 638,832.96</b>
	Solomons,	Michael P.	\$ 58,416.95				
	Ward,	Carol C.	\$ 55,339.34				
	Willis,	Vickie L.	\$ 22,699.99				
	<b>Total</b>		<b>\$ 622,316.96</b>				

**Guiled Employee Annual Compensation**

Year	Last Name:	First Name:	Compensation
<b>2001</b>			
	Beech,	John W.	\$ 64,142.00
	Bourneis,	Peter	\$ 37,246.00
	Brooks,	Cheryl L.	\$ 15,097.00
	Doady,	Carolyn F.	\$ 17,904.00
	Gorvanni,	John	\$ 82,333.00
	Haire,	Darrell J.	\$ 62,744.00
	Moore,	David N.	\$ 25,891.00
	Moore,	Shirawa	\$ 16,095.00
	Salomo	Madrew	\$ 15,929.00
	Saunell,	Lazaro F.	\$ 27,418.00
	Sobotome,	Michael F.	\$ 34,973.00
	Ward,	Carol C.	\$ 31,867.00
	Willis,	Vickie L.	\$ 12,924.00
	<b>Total</b>		<b>\$ 444,703.00</b>
<b>2002</b>			
	Beach,	John W.	\$ 78,017.00
	Fris,	Albert A.	\$ 31,452.00
	Gertmanian,	L Wayne	\$ 75,000.00
	Haire,	Darrell J.	\$ 79,440.00
	Preston,	Carly	\$ 29,270.00
	Richardson,	Thomas W.	\$ 32,754.00
	Salomo	Madrew	\$ 25,458.00
	Southivongpraf,	Eric	\$ 13,262.00
	<b>Total</b>		<b>\$ 563,653.00</b>
<b>2003</b>			
	Asatryan,	Gervok G.	\$ 8,155.00
	Beach,	John W.	\$ 67,867.00
	DeSanctis,	Rosy	\$ 17,694.00
	Fris,	Albert A.	\$ 101,000.00
	Gertmanian,	L Wayne	\$ 151,250.00
	Haire,	Darrell J.	\$ 67,258.00
	Hill,	Jami L.	\$ 11,735.00
	Preston,	Carly	\$ 9,042.00
	Rice,	Stephen J.	\$ 45,500.00
	Richardson,	Thomas W.	\$ 31,431.00
	Saunell,	Lazaro F.	\$ 26,697.00
	Southivongpraf,	Eric	\$ 25,847.00
	<b>Total</b>		<b>\$ 563,476.00</b>

**Jockeys' Guild, Inc.**  
2004

Employee		Title	Compensation	Bonus
1	Asatryan, MBA	Gevork	Controller & CFO	\$ 50,219.00 \$0.00
2	Beech	John	Member Representative	\$ 65,000.00 \$5,000.00
3	DeSantis, MBA	Rosy	Membership Administrator	\$ 24,000.00 \$2,500.00
4	Fiss, MBA	Albert	Vice President & COO	\$ 114,333.00 \$0.00
5	Germanian, PhD	L. Wayne	President & CEO	\$ 147,500.00 \$0.00
6	Haire	Darrell	Member Representative	\$ 65,000.00 \$7,500.00
7	Halcy, MSW, MBA	Lisa	Project Management	\$ 11,500.00 \$2,500.00
8	Hell	Jami	Director of Disability Benefits	\$ 25,000.00 \$2,500.00
9	Hook, MBA	David	Accounting Manager & CAO	\$ 2,000.00 \$1,250.00
10	Rice, MBA	Stephen	Controller & CFO (Former)	\$ 53,500.00 \$0.00
11	Richardson	Thomas	Director of Disability Benefits (Former)	\$ 24,898.00 \$1,000.00
12	Saunell	Lazaro	Member Representative	\$ 50,000.00 \$5,000.00
13	Southivongnorat	Eric	Benefits Administrator	\$ 34,000.00 \$2,500.00
Volunteer		Contribution		
1	Asatryan	Argo	Special Projects	
2	Southivongnorat	John	Data Processing	

**JOCKEYS' GUILD, INC.**  
**Balance Sheet**  
**As of December 31, 2004**

Account	Amount
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Bank</b>	
1030 - Media Rights Acct - AMCORE	\$1,429.24
1035 - Comm Support Live Racing - AMAL	\$7,443.65
1040 - Operating Account - BA	(\$53,808.25)
1041 - Payroll Account - BA	\$1,666.28
1042 - Health Benefit Reserve - BA	\$863,933.36
1043 - PS Health Claims - BA	(\$288,770.60)
1044 - Operating Account 7000 - BA	(\$146,254.29)
1050 - CA Benefit Account - BB&T	\$114,182.54
1051 - DE Health Benefit Acct - BB&T	\$531,068.55
1052 - MA Benefit Account - BA	\$30,470.81
<b>Total Bank</b>	<b>\$1,061,361.29</b>
<b>Accounts Receivable</b>	
<b>1100 - Accounts Receivable</b>	
1100 - Accounts Receivable	\$798,542.94
1110 - Jockey HIP, LIP, DUES, OTHER	\$795,432.59
1120 - Track Receivables	\$926,979.19
1150 - Allowance for Doubtful Accounts	(\$390,000.00)
1152 - Jockeys Health and Welfare Rec	(\$24,185.00)
1170 - CA Receivable From State-TRUST	\$1,536,162.00
1180 - DE Receivable From State-TRUST	\$696,475.00
<b>Total 1100 - Accounts Receivable</b>	<b>\$4,339,406.72</b>
<b>Total Accounts Receivable</b>	<b>\$4,339,406.72</b>
<b>Other Current Asset</b>	
1200 - Inventory Asset	\$4,230.00
1210 - Wilmington Trust	\$26,972.22
<b>1220 - Amalgamated Investment Account</b>	
1221 - Amalgamated - Cost	\$560,390.03
1222 - Amalgamated - Market Adjustment	\$706,731.13
1223 - Amalgamated - Cash Equivalents	\$56,010.09
<b>Total 1220 - Amalgamated Investment Account</b>	<b>\$1,323,131.25</b>
1230 - Prepaid Expenses	\$18,947.07
1240 - Undeposited Funds	(\$39,622.00)
1250 - Interfund Receivable	(\$2,128,734.32)
1261 - Advances Paid	\$1,559.49
<b>Total Other Current Asset</b>	<b>(\$793,516.29)</b>
<b>Total Current Assets</b>	<b>\$4,607,251.72</b>
<b>Fixed Assets</b>	
<b>1600 - Office Equipment</b>	
<b>1601 - Computers</b>	
1602 - Accum. Depr.	\$85,590.98
<b>Total 1601 - Computers</b>	<b>(\$67,428.00)</b>
<b>1605 - Furniture</b>	
1606 - Accum. Depr.	\$80,007.93
	(\$80,007.93)



**LIABILITIES & EQUITY**

Total 1605 - Furniture	\$0.00
<b>1607 - Telephones</b>	\$13,559.27
Total 1607 - Telephones	\$13,559.27
Total 1600 - Office Equipment	\$31,722.25
Total Fixed Assets	\$31,722.25
<b>Other Assets</b>	
1260 - Guild Receivable from TRUST	\$1,873,878.00
Total Other Assets	\$1,873,878.00
Total ASSETS	\$6,512,851.97
<b>LIABILITIES &amp; EQUITY</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
2010 - Accounts Payable	\$313,304.45
2012 - Medical Claims Payable	\$285,745.00
Total Accounts Payable	\$599,049.45
<b>Other Current Liability</b>	
2016 - Insurance Reserve	\$850,000.00
2021 - Member Refund	\$562,466.88
2050 - Unearned Revenue - Guild	(\$4,787.00)
Total Other Current Liability	\$1,407,679.88
Total Current Liabilities	\$2,006,729.33
<b>Equity</b>	
3000 - Opening Fund Balance	\$4,365,999.26
3010 - Fund Balance	\$1,445,658.15
Net Income	(\$1,304,707.37)
Total Equity	\$4,506,950.04
Total LIABILITIES & EQUITY	\$6,513,679.37

Printing Income Statement

**JOCKEYS' GUILD, INC.**  
**Income Statement**  
**January 1, 2004 - December 31, 2004**

Account	Amount
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
4010 - Delegate Funds	\$27,252.80
4020 - LIP Income	\$21,680.00
4030 - HIP Income	\$1,795,192.81
4040 - Member Fees/Assess/Dues	\$1,320,210.00
4100 - Media Rights Revenues	\$2,199,410.71
4200 - Miscellaneous Income	\$2,085.90
<b>4500 - State Programs</b>	
4510 - MA Receipts - GUILD	\$86,945.00
4520 - CA Receipts H&W - BB&T 62-59	\$1,036,272.00
4521 - DE Receipts H&W - BB&T 62-60	\$339,987.00
Total 4500 - State Programs	<b>\$1,463,204.00</b>
4800 - Release to GUILD H&W Fund-TRUST	(\$2,038,222.68)
4801 - Release From H&W Fund - GUILD	\$2,038,222.68
Total Income	<b>\$6,829,036.22</b>
Gross Profit	<b>\$6,829,036.22</b>
<b>Expense</b>	
7010 - Charitable Contribution	\$12,725.00
7030 - Dues & Subscriptions	\$4,368.10
7040 - Company Insurance	\$17,723.36
7060 - H. Bookkeepers Commission	\$15,033.02
7070 - Licenses & Permits	\$73.05
7080 - Bank Analysis Charges	\$15,511.38
7085 - Postage & Delivery	\$20,971.61
<b>7100 - Consultants</b>	
7110 - Accounting/Finance Services	\$86,237.00
7120 - Computer Services	\$42,995.87
7130 - Legal Services	\$132,429.88
7140 - Marketing Services	\$44,403.25
7150 - Miscellaneous Services	\$432,202.80
Total 7100 - Consultants	<b>\$738,268.80</b>
<b>7200 - Prog. Services</b>	
7210 - Medical Aid to Perm. Disabled	\$183,609.16
7215 - Financial Aid to Perm. Disabled	\$22,969.15
7220 - Perm. Disability Pymts	\$233,330.20
<b>7230 - Temp. Disability Pymts</b>	
7230 - Temp. Disability Pymts	\$760,780.10
Total 7230 - Temp. Disability Pymts	<b>\$760,780.10</b>
Total 7200 - Prog. Services	<b>\$1,200,688.61</b>
<b>7300 - Medical</b>	
7300 - Medical	\$4,268,641.72
Total 7300 - Medical	<b>\$4,268,641.72</b>
7305 - Medical, On-Track	\$16,500.00
7320 - Medical, Vision	\$4,466.68
<b>7350 - Life Insurance</b>	

## Printing Income Statement

7350 - Life Insurance	\$226,798.26
Total 7350 - Life Insurance	<b>\$226,798.26</b>
7400 - Ins. Admin. Analysis	(\$279.11)
7500 - Business Promotion	\$130,806.50
7520 - Rent	\$71,791.13
7525 - Parking	\$5,708.97
7530 - Repairs & Maintenance	\$8,005.76
<b>7600 - Salaries &amp; Related</b>	
7605 - Salaries	\$769,253.91
7615 - FICA	\$1,595.48
7620 - State Payroll Taxes	\$29.00
7630 - Salary/Actuarial Fees	\$1,358.54
7650 - Employees' Pension Plan	\$11,830.00
Total 7600 - Salaries & Related	<b>\$784,066.93</b>
7710 - Convention Fees	\$10,580.00
7720 - Office Supplies	\$75,630.37
7725 - Membership Packet Supplies	\$3,925.00
7730 - Taxes	\$326.95
7740 - Telephone	\$55,946.18
<b>7750 - Travel</b>	
7750 - Travel	\$131.68
7751 - Lodging	\$106,386.24
7752 - Meals	\$49,419.74
7753 - Auto	\$74,871.26
7754 - Airline	\$175,182.60
7755 - Employee Reimbursement	\$26,069.36
Total 7750 - Travel	<b>\$432,060.88</b>
7760 - Utilities	\$16,384.31
7800 - Bad Debts	\$255,856.32
7900 - Shipping	\$9,212.04
Total Expense	<b>\$8,401,791.82</b>
Net Ordinary Income	<b>(\$1,572,755.60)</b>
<b>Other Income and Expenses</b>	
<b>Other Income</b>	
8997 - Gain/(Loss) on Unrealized Asset	(\$5,404.49)
8998 - Gain/(Loss)	\$210,538.04
8999 - Net Interest & Div. Inc. (Loss)	\$57,899.36
Total Other Income	<b>\$263,032.91</b>
<b>Other Expense</b>	
9998 - Other Expense	\$94.68
9999 - Suspense	(\$5,110.00)
Total Other Expense	<b>(\$5,015.32)</b>
Net Other Income	<b>\$268,048.23</b>
Net Income	<b>(\$1,304,707.37)</b>

Tab 19

From Guild's Quickbooks  
3/15/03

2002 Expenses for Human Capital from Quickbooks

	<u>Salaries</u>	<u>Accounting</u>	<u>Consulting</u>	<u>Computing</u>	<u>Insurance Life &amp; Health</u>	<u>Misc.</u>
Albert Fiss	\$ 1,356.53				?	
Alex Reeves			\$ 68.00		?	
Alice Galstian		\$ 28,500.00	\$ 7,500.00		?	
Calrity Web Productions				\$ 8,823.00	?	
Candice Gaudinier			\$ 144.00		?	
Carly Preston	\$ 2,327.43				?	
CRS Computers				\$ 1,266.72	?	
Darrell Haire	\$ 6,000.00				?	
Emile Gibbons				\$ 1,495.00	?	
Eric Southvongnorat	\$ 1,723.21				?	\$ 284.00
Farrell Gertmenian					\$ 326.00	
InCompass Solutions				\$ 6,140.00	?	
Jami Lynn Hall			\$ 5,078.00		?	
John Beech	\$ 42,983.27				?	
Judy's Staffing	\$ 2,147.75		\$ 2,169.05		?	
Katrina Kyle			\$ 216.00		?	
Lisa Haley					\$ 365.00	\$ 101.00
Matrix Capital Associates			\$ 403,703.48		?	
Matt Balone			\$ 1,900.00		?	
Molly McGurk			\$ 2,482.00		?	
Pay Roll Account	\$ 268,435.97				?	
Piazza, Donnelly, Marlette		\$ 52,670.00			?	
Propero Consultants				\$ 48,828.00	?	
Richmar Consulting		\$ 2,500.00	\$ 12,500.00		?	
Universal Medical Systems				\$ 1,600.00	?	
Wayne Gertmenian	\$ 8,908.32				\$ 12,000.00	
<b>Totals</b>	<b>\$ 333,882.48</b>	<b>\$ 83,670.00</b>	<b>\$ 435,760.53</b>	<b>\$ 70,152.72</b>	<b>\$ 12,691.00</b>	<b>\$ 385.00</b>

Apartment Furniture	\$ 2,700.00
Apartment Utilities	\$ 1,063.54
Apartments	\$ 18,413.16
Internal Meals	\$ 37,237.58
Lincoln Navigator Lease (Dr G)	\$ 6,000.00
Lincoln Insurance	\$ 964.00
	<u>\$ 66,398.28</u>

Salaries	\$ 333,882.48
Accounting	\$ 83,670.00
Consulting	\$ 435,760.53
Computing	\$ 70,152.72
Life & Health	\$ 12,691.00
Personal Misc	\$ 385.00
	<u>\$ 936,541.73</u>

\$ 1,002,940.01

Tab 20

Jockey's Guild, Inc. Balance Sheet Comparison LM-2 vs Form 990 2001 & 2002												
Item	2001 LM-2		2001 Form 990		2002 LM-2		2002 - Form 990		2001 LM-2		2001 Form 990	
	1-Jan-01	31-Dec-01	1-Jan-01	31-Dec-01	1-Jan-02	31-Dec-02	1-Jan-02	31-Dec-02	1-Jan-01	31-Dec-01	1-Jan-02	31-Dec-02
<b>ASSETS</b>												
25 Cash	904,426	2,123,038	904,426	2,123,038	2,123,038	4,161,896	2,123,038	4,161,896	904,426	2,123,038	2,123,038	4,161,896
26 Accounts Receivable	441,763	367,856	441,763	367,856	-	-	-	-	441,763	367,856	-	-
27 Loans Receivable	-	-	-	-	-	-	-	-	-	-	-	-
28 U.S. Treasury Securities	-	-	-	-	-	-	-	-	-	-	-	-
29 Investments	2,372,086	1,669,093	2,372,086	1,669,093	1,669,093	1,313,208	1,669,093	1,669,093	2,372,086	1,669,093	1,313,208	1,669,093
30 Fixed Assets	20,456	10,331	20,456	10,332	10,331	1,121	10,332	10,332	20,456	10,332	1,122	1,122
31 Other Assets	96,698	52,013	12,881	35,399	47,463	26,399	26,399	35,399	96,698	35,399	26,399	26,399
Form 990 (Federal Tax Return)	-	-	83,817	16,614	-	-	-	-	-	-	16,614	16,947
Prepaid Expenses & Deferred Charges	-	-	-	-	-	-	-	-	-	-	-	-
<b>32 TOTAL ASSETS</b>	<b>3,835,429</b>	<b>4,222,131</b>	<b>3,835,429</b>	<b>4,222,132</b>	<b>3,848,925</b>	<b>5,502,724</b>	<b>4,222,122</b>	<b>6,042,452</b>	<b>3,835,429</b>	<b>4,222,132</b>	<b>6,042,452</b>	
<b>LIABILITIES</b>												
33 Accounts Payable	115,438	764,265	115,438	309,332	-	-	-	-	115,438	309,332	-	-
34 Loans Payable	-	-	-	-	-	-	-	-	-	-	-	-
35 Mortgages Payable	-	-	-	-	-	-	-	-	-	-	-	-
36 Other Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
<b>37 TOTAL LIABILITIES</b>	<b>115,438</b>	<b>764,265</b>	<b>115,438</b>	<b>764,266</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>115,438</b>	<b>764,266</b>	<b>845,257</b>	<b>1,063,190</b>
<b>38 NET ASSETS</b>	<b>3,719,991</b>	<b>3,457,866</b>	<b>3,719,991</b>	<b>3,457,866</b>	<b>3,848,925</b>	<b>5,502,724</b>	<b>3,457,856</b>	<b>4,979,262</b>	<b>3,719,991</b>	<b>3,457,856</b>	<b>4,979,262</b>	
<b>Total Liabilities and net assets</b>												
	<b>3,835,429</b>	<b>4,222,131</b>	<b>3,835,429</b>	<b>4,222,132</b>	<b>3,848,925</b>	<b>5,502,724</b>	<b>4,222,122</b>	<b>6,042,452</b>	<b>3,835,429</b>	<b>4,222,132</b>	<b>6,042,452</b>	

11:33 AM  
12/21/01  
Accrual Basis

Jockeys' Guild, Inc.  
**Balance Sheet**  
As of June 16, 2001

Jun 16, 01

**ASSETS**

**Current Assets**

<b>Checking/Savings</b>	
Operating Account - VST	(\$121,867)
Media Rights Acct - Amcore	\$64,295
Guild Cash in Bank - VST	(\$0)
Member Assessment Account	(\$22,111)
Permanent Disability Acct - VST	(\$2,873)
Temporary Disability Acct - VST	(\$11,793)
Payroll Account - VST	\$937
Custody Money Market	\$278,811
Certificates of Deposit	\$4,882
<b>Total Checking/Savings</b>	<b>\$190,181</b>

<b>Accounts Receivable</b>	
Accounts Receivable	\$441,763
<b>Total Accounts Receivable</b>	<b>\$441,763</b>

**Other Current Assets**

Investments (cost)	\$692,998
Investments (Market Value Adj.)	\$745,929
Prepaid Expenses	\$72,935
Deposit with Insurance Trust	\$34,389
Investment in Guild Products	\$1,000
Loans Receivable (member)	(\$247)
Suspense	\$465
<b>Total Other Current Assets</b>	<b>\$1,547,479</b>

**Total Current Assets** \$2,179,423

**Fixed Assets**

<b>Computer Hard / Soft Ware</b>	
Cost	\$59,496
Accum. Depr.	(\$48,008)
<b>Total Computer Hard / Soft Ware</b>	<b>\$11,488</b>

<b>Furniture &amp; Office Eq.</b>	
Cost	\$80,008
Accum. Depr.	(\$73,164)
<b>Total Furniture &amp; Office Eq.</b>	<b>\$6,844</b>

<b>Membership Pins</b>	\$12,065
<b>Total Fixed Assets</b>	<b>\$30,397</b>

**TOTAL ASSETS** \$2,209,820

**LIABILITIES & EQUITY**

**Liabilities**

**Current Liabilities**

<b>Accounts Payable</b>	
Accounts Payable	\$31,421
<b>Total Accounts Payable</b>	<b>\$31,421</b>
<b>Other Current Liabilities</b>	
Member Refund	(\$101,500)
<b>Total Other Current Liabilities</b>	<b>(\$101,500)</b>

**Total Current Liabilities** (\$70,078)

**Total Liabilities** (\$70,078)

**Equity**

Opening Fund Balance \$3,126,242

Net Income (Loss) (\$86,343)

**Total Equity** \$2,279,899

**TOTAL LIABILITIES & EQUITY** \$2,209,820

RC 0286

Jockeys' Guild, Inc.  
 Annual Labor-Management Reports (LM-2)  
 Statement A - Assets and Liabilities  
 1997 thru 2003

Date Filled	1997	1998	1999	2000	2001	2002	2003
Date Due	31-Dec	31-Dec	31-Dec	31-Dec	1-Jan	31-Dec	31-Dec
Months Late	7.0	0.2	0.0	0.0		23.8	11.7
<b>ASSETS</b>							
25 Cash	418,867	676,395	147,514	173,647	904,426	4,161,996	3,284,164
26 Accounts Receivable	541,753	283,840	255,187	362,291	-	-	-
27 Loans Receivable	13,133	15,506	10,816	7,424	-	-	-
28 U.S. Treasury Securities	-	-	-	-	-	-	-
29 Investments	3,261,406	2,380,513	2,382,115	1,893,021	2,372,086	1,313,208	1,309,006
30 Fixed Assets	50,723	29,557	31,004	20,455	20,456	10,331	1,121
31 Other Assets	685,983	952,768	1,149,949	1,223,394	96,698	47,463	26,399
<b>32 TOTAL ASSETS</b>	<b>4,371,865</b>	<b>4,338,579</b>	<b>3,976,585</b>	<b>3,680,232</b>	<b>3,393,666</b>	<b>5,502,724</b>	<b>4,624,892</b>
<b>LIABILITIES</b>							
33 Accounts Payable	327,101	149,107	(88,275)	(101,093)	-	-	-
34 Loans Payable	-	-	-	-	-	-	-
35 Mortgages Payable	-	-	-	-	-	-	-
36 Other Liabilities	-	-	-	-	-	-	-
<b>37 TOTAL LIABILITIES</b>	<b>327,101</b>	<b>149,107</b>	<b>(88,275)</b>	<b>(101,093)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>38 NET ASSETS</b>	<b>4,044,764</b>	<b>4,189,472</b>	<b>4,064,860</b>	<b>3,781,325</b>	<b>3,393,666</b>	<b>5,502,724</b>	<b>4,624,892</b>
Gain or (Loss) in Net Worth	1,114,346	(455,292)	(124,612)	(283,535)	68,600	1,652,799	(877,832)

RC 0747

Jockeys' Guild, Inc.  
Annual Labor-Management Reports (LM-2)  
1997 thru 2003  
CASH RECEIPTS

Item	1997	1998	1999	2000	2001	2002	2003
39 Dues	44,840	42,600	22,023	20,960	70,540	1,150,442	650,526
40 Per Capita Tax	-	-	-	-	-	-	-
41 Fees	-	-	-	-	-	-	-
42 Fines	-	-	-	-	-	-	-
43 Assessments	1,696,168	1,632,443	1,680,973	1,680,404	1,753,560	1,831,731	641,126
44 Work Permits	-	-	-	-	-	-	-
45 Sale of Supplies	-	-	-	-	-	-	-
46 Interest	32,546	20,548	19,375	19,664	99,148	89,565	14,876
47 Dividends	47,557	44,399	120,423	52,137	-	-	-
48 Rents	-	-	-	-	-	-	-
49 Sale of Investments & Fixed Assets	1,373,231	1,328,783	1,075,180	806,126	762,403	366,159	138,405
50 Loans Obtained	-	-	-	-	-	-	-
51 Repayment of Loans Made	17,241	9,828	13,585	7,424	-	-	-
52 On Behalf of Affiliates for Transmittal to Them	-	-	-	-	-	-	-
53 From Members for Disbursement on Their Behalf	-	-	-	-	-	-	-
54 Other Receipts							
Health Insurance Premiums	1,552,586	1,790,621	1,736,052	2,020,324	-	-	-
Mount Fees	173,453	143,950	116,879	128,508	-	-	-
Retired Health Insurance	44,925	49,575	56,425	57,475	-	-	-
Non-member program fees	-	3,000	6,335	9,251	-	-	-
Life Insurance	20,720	20,160	21,120	19,840	-	-	-
Transfers from State H&WF	-	856,254	914,013	952,101	858,950	1,334,832	1,299,274
Advertising	9,305	9,970	-	-	-	-	-
Contributions	34,204	50,785	23,758	23,637	-	-	-
Media Rights Revenues	-	-	-	-	1,891,599	2,021,147	1,623,353
Litigation Settled	-	-	-	-	-	-	15,143
Investment	-	-	-	-	-	-	341,153
Misc. Inc.	-	4,838	4,554	4,801	4,915	-	-
Accounting Adjustments	2,057	-	-	-	-	-	-
Total Other Receipts	1,837,250	2,929,153	2,879,136	3,215,937	2,755,464	3,355,979	3,278,923
55 TOTAL RECEIPTS	5,048,843	6,007,764	5,810,695	5,802,652	6,441,115	6,813,876	4,723,856

RC 0748



Jockeys' Guild, Inc.  
Annual Labor-Management Reports (LM-2)  
1997 thru 2003  
CASH DISBURSEMENTS

Item	Year	1997	1998	1999	2000	2001	2002	2003
<b>56 Disbursements To Officers</b>								
Gross Salary		186,962	190,053	193,854	200,434	-	75,000	252,250
Less Deductions		-	-	-	-	-	(15,488)	-
Disbursements for Official Business		43,949	43,908	57,852	54,669	-	-	-
Total Disbursements to Officers		230,911	233,961	251,706	255,103	-	59,512	252,250
<b>57 To Employees</b>								
Gross Salary		434,828	448,457	428,463	438,318	421,904	221,069	311,226
Less Deductions		-	-	-	-	-	(84,496)	-
Disbursements for Official Business		151,166	168,565	170,316	190,271	22,799	66,984	-
Total Disbursements to Employees		585,994	616,022	598,779	628,589	444,703	225,557	311,226
<b>58 Per Capita Tax</b>		-	-	-	-	-	-	-
<b>59 Fee, Fines, Assessments, Etc.</b>		-	-	-	-	-	-	-
<b>60 Office &amp; Administrative Expense</b>								
Rent		63,634	64,622	64,208	65,458	67,138	105,279	167,638
Office Supplies		12,677	17,768	19,019	17,532	12,490	49,788	82,247
Postage and Shipping		11,125	13,486	13,322	14,719	9,634	19,949	36,928
Commissions		18,381	15,760	16,282	16,511	11,825	17,548	-
Telephone		44,829	40,819	32,027	30,305	21,584	42,882	675
Computer Services/Supplies		278	35	15,137	35,478	30,341	85,406	-
Insurance		13,179	11,074	11,770	48,783	21,089	9,714	-
Board Meeting & Conventions		64,789	28,734	28,412	29,858	229	12,926	-
Dues and Fees		3,048	5,240	4,400	4,277	2,089	5,473	5,104
Utilities		-	-	-	-	253	940	-
Grp. Insurance and Pension		-	-	-	-	-	-	35,815
Contract Labor		-	-	4,791	-	-	-	-
Bank Charges		590	805	676	140	-	-	-
Newspapers & Publications		5,640	7,452	6,167	3,849	-	-	-
Depreciation		14,073	18,172	16,096	13,517	-	-	-
Staff & Management Meetings		1,281	663	2,069	568	-	-	-
Membership Cards & Pins		1,684	2,123	2,102	2,850	-	-	-
Member Funeral		-	-	-	2,500	-	-	-
Cable		296	330	331	384	-	-	-
Office Travel		-	-	803	-	-	-	-
Training		198	-	297	-	-	-	-
Filing Fees		-	-	170	90	-	-	-
Accounting Adjustments		-	-	-	1,359	-	-	-
Tax Preparation		-	-	-	465	-	-	-
Derby Tickets		-	-	-	340	-	-	-
Membership Renewal & Gas		-	-	-	35	-	-	-
Litigation Settlement		-	16,750	-	-	-	-	-
Subsidiary Tax		455	120	-	-	-	-	-
Reconciliation Item		843	63	(20)	2	-	-	-
Total Office & Administrative Expense		256,110	246,016	238,059	268,840	176,472	349,905	328,407
<b>61 Educational &amp; Publicity Expense</b>		140,794	69,198	9,540	6,815	-	-	-
<b>62 Professional Fees</b>		523,552	612,971	593,361	570,256	-	-	-
<b>63 Benefits</b>								
<i>Health Benefits</i>								
Health Insurance		2,013,214	2,309,966	2,824,168	2,881,834	2,392,197	2,456,868	1,603,256
Dental Insurance		-	15,841	72,655	117,012	-	-	-
Life Insurance		125,138	152,069	173,548	121,431	-	-	-
Vision Benefit		-	100	469	2,586	-	-	-
3rd Party Administration		-	-	-	-	-	-	802,639
Total Health Benefits		2,138,353	2,477,976	2,870,840	3,122,875	2,392,197	2,456,868	2,406,095
<i>Disability Benefits</i>								
Temporary Disability		-	-	-	331,690	-	-	-
Permanent Disability		-	-	-	212,720	-	-	-
Temporary & Permanent Disability		246,177	353,929	466,350	-	-	-	-
Medical Aid to Permanent		44,814	35,774	41,720	-	-	-	-
Total Disability Benefits		290,991	389,703	508,070	204,410	598,882	580,659	601,905
Total Benefits		2,429,344	2,867,679	3,378,910	3,687,779	2,991,079	3,037,527	3,008,000
<b>64 Contributions, Gifts &amp; Grants</b>		5,835	46,698	17,906	7,160	50	600	250,000
<b>65 Supplies for Resale</b>		-	-	-	-	-	-	-
<b>66 Direct Taxes</b>		-	-	-	-	-	-	-
<b>67 Withholding Taxes</b>		45,254	46,585	45,700	46,386	-	58,189	67,804
<b>68 Purchase of Investments &amp; Fixed Assets</b>		746,279	513,441	593,502	51,558	-	-	201,481
<b>69 Loans Made</b>		86,833	12,200	8,895	9,045	-	-	-
<b>70 Repayment of Loans Obtained</b>		-	-	-	-	-	-	-
<b>71 To Affiliates of Funds Collected on Their Behalf</b>		-	-	-	-	-	-	-
<b>72 On Behalf of Individual Members</b>		-	-	-	-	-	-	-
<b>73 Other Disbursements</b>								
Jockey News		-	-	(29)	-	-	-	-
DE Member Fees		-	7,014	6,876	-	-	-	-
Additional Supporting Services		-	-	-	-	346,294	408,895	776,520
Regulation and Promotion of Racing		-	-	-	-	263,905	434,189	412,960
Custodied at Amalgamated Bank		-	-	-	-	-	-	-
Investments Losses		-	-	-	-	-	200,544	-
Total Other Disbursements		-	7,014	6,849	19,208	610,199	1,043,628	1,182,520
<b>74 TOTAL DISBURSEMENTS</b>		<b>5,050,906</b>	<b>5,273,785</b>	<b>5,743,207</b>	<b>5,570,738</b>	<b>4,322,603</b>	<b>4,774,918</b>	<b>5,601,688</b>

RC 0749

Jockeys' Guild, Inc.  
Annual Labor-Management Reports (LM-2)

Schedule 9 - All Officers and Disbursements to Officers  
2000 thru 2003

(A) Name	(B) Title	(D) Gross Salary			
		2003	2002	2001	2000
Fiss, Albert	Vice President	101,000			
Gertmenian, L Wayne	President	151,250	75,000		
Giovanni, John	Secretary				142,670
Ward, Carol	Asst Secretary				57,044
<b>TOTAL Schedule 9</b>		<b>252,250</b>	<b>75,000</b>		<b>199,714</b>

Schedule 10 - Disbursements to Employees  
2000 thru 2003

(A) Name	(B) Title	(D) Gross Salary			
		2003	2002	2001	2000
Asatryan, Gevork	Special Projects	8,155			
Beech, John	Member Rep.	67,867	51,248	53,772	57,864
De Sanctis, Rosy	Special Projects	17,694			
Fiss, Albert	Vice President		24,000		
Haire, Darrell	Member Rep.	67,258	58,863	50,515	49,058
Hall, Jami	Special Projects	11,735			
Preston, Carly	Office Manager	9,042	28,500		
Rice, Stephen	Controller	45,500			
Richardson, Thomas	Special Projects	31,431	26,750		
Salcone, Mathew	Special Projects		18,958	15,929	
Saummell, Larry	Member Rep.	26,697		27,418	48,925
Southivongo, Eric	Special Projects	25,847	12,750		
Bournias, Peter	Regional Manager			37,246	64,078
Brooks, Cheryl	Office Staff			15,097	26,956
Dooley, Carolyn	Office Staff			17,904	32,086
Giovanni, John	National Manager			82,333	
Moore, David	Regional Manager			25,891	44,325
Moore, Shevawn	Office Staff			16,095	31,677
Salomone, Michael	Regional Manager			34,973	60,169
Ward, Carol	Office Manager			31,807	
Willis, Vickie	Office Staff			12,924	23,180
<b>TOTAL Schedule 10</b>		<b>311,226</b>	<b>221,069</b>	<b>421,904</b>	<b>438,318</b>

Jockeys' Guild, Inc.  
Labor Organization Officer and Employee Report (LM-30)  
2001 thru 2003

Name	Nature of such dealing	2003	2002	2001
Matrix Capital Associates	consulting	not filed	365,703	162,204
Matrix Capital Associates	rent	due 3/30/04	10,200	
<b>TOTAL LM-30</b>			<b>375,903</b>	<b>162,204</b>

<b>TOTAL ALL</b>	<b>563,476</b>	<b>674,972</b>	<b>584,108</b>	<b>638,032</b>
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Individuals not included on LM-2

Name	Title	Gross Salary			
		2003	2002	2001	2000
Galstian, Alice	CFO	?	?	?	
Owmbey, Lloyd	General Counsel for the Board	?	?	?	

RC 0750

U.S. Department of Labor  
Office of Labor-Management  
Standards  
Washington, DC 20210

**FORM LM-30**  
**LABOR ORGANIZATION OFFICER AND**  
**EMPLOYEE REPORT**

Form approved  
Office of Management  
and Budget  
No. 1215-0186  
Expires 11-30-2006

This report is mandatory under P.L. 86-257, as amended. Failure to comply may result in criminal prosecution, fines, or civil penalties as provided by 29 U.S.C. 439 or 440.



READ THE INSTRUCTIONS CAREFULLY BEFORE PREPARING THIS REPORT.

1. File Number U -		2. Fiscal Year Covered From: 1 / 1 / 2003 Through 12 / 31 / 2003	
3. Name and address of person filing: Name L WAYNE GERTMENIAN		4. Name, file number, and address of labor organization: Name JOCKEYS' GUILD, INC. Labor Organization File Number 540-607	
P.O. Box, Bldg., Room No., if any Street 4 HIDDEN VALLEY ROAD City MONROVIA State California ZIP Code +4 91016		P.O. Box, Building and Room Number, if any 150 Street 134 E CHESTNUT AVENUE City MONROVIA State California ZIP Code +4 91016-0150	
5. Position in labor organization. PRESIDENT & CEO			

Enter appropriate data below if, during the past fiscal year, you or your spouse or minor child directly or indirectly had any of the following interests (except as specified in the exclusions set forth in the instructions):

A. Held an interest in, engaged in transactions (including loans) with, or derived income or other economic benefit of monetary value from an employer whose employees your organization represents or is actively seeking to represent.	
6. Name and address of Employer (including trade name, if any): Name Trade Name, if any: P.O. Box, Bldg., Room No., if any: Street City State ZIP Code +4	7. a. Nature of Interest, Transaction, or Income.  7. b. Amount.

Signatures

16. Signature and verification. The undersigned declares, under penalty of Perjury and other applicable penalties of the law, that all of the information submitted in this report, including the information contained in any accompanying documents, has been examined by the signatory and is, to the best of the undersigned's knowledge and belief, true, correct, and complete. (See the section on penalties in the instructions.)

Signed  On 2/10/2005 (626) 305-5605  
Date Telephone Number

Name of Person Filing <b>L WAYNE QERTYENIAN</b>		File Number U-
<p><b>B. Held an interest in or derived income or economic benefit with monetary value from a business (1) a substantial part of which consists of buying from, selling or leasing to, or otherwise dealing with the business of an employer whose employees your labor organization represents or is actively seeking to represent, or (2) any part of which consists of buying from or selling or leasing to, or otherwise dealing with your labor organization or with a trust in which your labor organization is interested.</b></p>		
<p><b>8. Name and address of Business: (including trade name, if any)</b></p> <p>Name <b>MATRIX CAPITAL ASSOCIATES</b></p> <p>Trade Name, if any:</p> <p>P.O. Box, Bldg., Room No., if any</p> <p>Street <b>4 HIDDEN VALLEY ROAD</b></p> <p>City <b>MONROVIA</b></p> <p>State <b>California</b> ZIP Code + 4 <b>91016</b></p>		<p><b>9. Business deals with:</b></p> <p><input checked="" type="checkbox"/> a. Labor Organization</p> <p><input type="checkbox"/> b. Trust</p> <p><input type="checkbox"/> c. Employer</p>
<p><b>10. If 8.b. or 9.c. is checked give trust or employer's name.</b></p> <p>Name</p> <p>Trade Name, if any:</p> <p>P.O. Box, Bldg., Room No., if any:</p> <p>Street</p> <p>City</p> <p>State ZIP Code + 4</p>		<p><b>11.a. Nature of such dealing.</b></p> <p><b>CONSULTING SERVICES</b></p> <hr/> <p><b>11.b. Approximate dollar value of such dealing</b> <b>\$412,000</b></p> <hr/> <p><b>12.a. Nature of interest held or income received.</b></p> <hr/> <p><b>12.b. Amount.</b></p>
<p><b>C. Received from any employer (other than an employer covered under parts A and B above) or from any labor relations consultant to an employer any payment of money or other thing of value.</b></p>		
<p><b>13.a. Name and address of Employer or Labor Relations Consultant (including trade name, if any).</b></p> <p>Name</p> <p>Trade Name, if any:</p> <p>P.O. Box, Bldg., Room No., if any</p> <p>Street</p> <p>City</p> <p>State ZIP Code + 4</p>		<p><b>14.a. Nature of payment.</b></p>
<p><b>13.b. Is the Business an Employer</b> <input type="checkbox"/> <b>or Consultant</b> <input type="checkbox"/> ?</p>		<p><b>14.b. Amount of payment.</b></p>

Name of Person Filing <b>L. WAYNE GERTGENIAN</b>	File Number U-
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Part B Continuation Page

**B. Held an interest in or derived income or economic benefit with monetary value from a business (1) a substantial part of which consists of buying from, selling or leasing to, or otherwise dealing with the business of an employer whose employees your labor organization represents or is actively seeking to represent, or (2) any part of which consists of buying from or selling or leasing directly or indirectly to, or otherwise dealing with your labor organization or with a trust in which your labor organization is interested.**

<p><b>8. Name and address of Business (including trade name, if any):</b></p> <p>Name <b>MATRIX CAPITAL ASSOCIATES</b></p> <p>Trade Name, if any:</p> <p>P.O. Box, Bldg., Room No., if any:</p> <p>Street <b>4 HIDDEN VALLEN ROAD</b></p> <p>City <b>MONROVIA</b></p> <p>State <b>California</b> ZIP Code + 4 <b>91016</b></p>	<p><b>9. Business deals with:</b></p> <p><input checked="" type="checkbox"/> a. Labor Organization</p> <p><input type="checkbox"/> b. Trust</p> <p><input type="checkbox"/> c. Employer</p>
<p><b>10. If 8.b. or 9.c. is checked give trust or employer's name:</b></p> <p>Name:</p> <p>Trade Name, if any:</p> <p>P.O. Box, Bldg., Room No., if any:</p> <p>Street:</p> <p>City:</p> <p>State: ZIP Code + 4:</p>	<p><b>11.a. Nature of such dealing:</b></p> <p>RENT</p> <hr/> <p><b>11.b. Approximate dollar value of such dealing:</b> <span style="float: right;">\$36,000</span></p> <hr/> <p><b>12.a. Nature of interest held or income received:</b></p>   <hr/> <p><b>12.b. Amount:</b></p>

# FORM LM-2 LABOR ORGANIZATION ANNUAL REPORT

Department of Labor  
Employment Standards Administration  
Washington, DC 20210

Form LM-2 and  
Budget  
No. 1215-2108  
Expires 07-31-2004

**MUST BE USED BY LABOR ORGANIZATIONS WITH \$200,000 OR MORE IN TOTAL ANNUAL RECEIPTS AND LABOR ORGANIZATIONS IN TRUSTEESHIP**

This report is mandatory under P.L. 86-257, as amended. Failure to comply may result in criminal prosecution, fines, or civil penalties as provided by 29 U.S.C. 439 or 440.

For Official Use Only

1. FILE NUMBER: [REDACTED]

2. PERIOD COVERED: From [01/01/2001] Through [12/31/2001]

3. (a) AMENDED - If this is an amended report correcting a previously filed report, check the  box.  
 (b) TERMINAL - If your organization ceased to exist and this is its terminal report, see Section XII of the instructions and check the  box.  
 (c) SUBSIDIARY - If this is a report for a subsidiary organization of your union as defined in Section X of the instructions, check the  box.

8. MAILING ADDRESS

First Name: L WAYNE  
 Last Name: GERTMANIAN  
 P.O. Box, Building and Room Number (if any): P. O. BOX 150  
 Number and Street:  
 City: MONROVIA  
 State: CA ZIP Code +4: 91017-0150

4. AFFILIATION OR ORGANIZATION NAME: JOCKEYS' GUILD, INC.

5. DESIGNATION (Local, Lodge, etc.):

6. DESIGNATION NUMBER:

7. UNIT NAME (if any): NATIONAL ORGANIZATION

9. Are your organization's records kept at its mailing address? Yes  No

75. ADDITIONAL INFORMATION

Item Number:

76. SIGNED: [Signature] PRESIDENT (If other title, see instructions) Telephone Number: (626) 305-3205 Date: 15 JAN 2004

77. SIGNED: [Signature] CONTROLLER, CFO (If other title, see instructions) Telephone Number: (626) 305-5605 Date: 15 JAN 2004

RC 0505



FILE NUMBER

ORGANIZATION NAME  
JOINT CRAFTS GUILD, INC.  
ENDING DATE OF PERIOD COVERED  
12/31/2001

**TRUSTEE SIGNATURES**

Each of the undersigned, duly authorized officers of the above labor organization, declares, under the applicable penalties of law, that all of the information submitted in this report (including the documents contained in any accompanying documents) has been examined by the signatory and is, to the best of the undersigned's knowledge and belief, true, correct, and complete. (See Section 17 of parallel in the instructions.)

Trustee Sign: _____ TRUSTEE	Trustee Sign: _____ TRUSTEE
Date _____	Date _____
Telephone Number _____	Telephone Number _____

FILE NUMBER

18. How many members did your organization have at the end of the reporting period?  MO  YEAR

19. What is the date of your organization's next regular election of officers? MO  YEAR

20. What is the maximum amount recoverable under your organization's fidelity bond for a loss caused by any officer or employee of your organization? \$

21. What are your organization's rates of dues and fees? (Enter a minimum and maximum if more than one rate applies for any line.)

	100% OR 2	per	YEAR/AMOUNT
			(Month, Year, etc.)
(a) Regular Dues/Fees	\$	100	
(b) Initiation Fees	\$	N/A	
(c) Transfer Fees	\$	N/A	
(d) Work Permits	\$	N/A	

22. During the reporting period, did your organization have any changes in its constitution and bylaws (other than rates of dues and fees) or in practices/procedures listed in the instructions?  Yes  No  
(If the constitution and bylaws or practices/procedures have changed, see the instructions.)

23. Were any of your organization's assets pledged as security or encumbered in any other way at the end of the reporting period?  Yes  No

24. Did your organization have any contingent liabilities at the end of the reporting period?  Yes  No  
(If the answer to item 23 or 24 is "Yes," provide details in item 75.)

During the Reporting Period Did Your Organization:

10. Have a "subsidiary organization" as defined in Section X of the instructions?  Yes  No

11. Create or participate in the administration of a trust or other fund or organization, as defined in the instructions, which provides benefits for members or their beneficiaries?  Yes  No

12. Have a political action committee (PAC) fund?  Yes  No

13. Acquire or dispose of any goods or property in any manner other than by purchase or sale?  Yes  No

14. Have an audit or review of its books and records by an outside accountant or by a parent body auditor/representative?  Yes  No

15. Discover any loss or shortage of funds or other property?  Yes  No  
(Answer "Yes" even if there has been repayment or recovery.)

16. Have any officer who was paid \$10,000 or more by your organization and also received \$10,000 or more as an officer or employee of another labor organization or of an employee benefit plan?  Yes  No

17. Liquidate or reduce any liabilities without disbursement of cash?  Yes  No

(If the answer to any of the above questions is "Yes," provide details in item 75 as explained in the instructions for each item.)

RC 0507



1 STA **MENT A - ASSETS AND LIABILITIES**

Complete Schedules 1 Through 15 Before Completing Statement A

FILE NUMBER: 

Enter Amounts in Dollars Only -- Do Not Enter Cents

ASSETS		From SCH #	Start of Reporting Period (A)	End of Reporting Period (B)
Item	ASSETS			
25. Cash.....			9 0 4 4 2 6	2 1 2 3 0 3 8
26. Accounts Receivable.....			4 4 1 7 6 3	3 6 7 6 5 6
27. Loans Receivable.....	1		0	0
28. U.S. Treasury Securities.....			0	0
29. Investments.....	2		2 3 7 2 0 8 6	1 6 6 9 0 9 3
30. Fixed Assets.....	5		2 0 4 5 6	1 0 3 3 1
31. Other Assets.....	3		9 6 6 9 8	5 2 0 1 3
32. TOTAL ASSETS.....			3 8 3 5 4 2 9	4 2 2 2 1 3 1

LIABILITIES		From SCH #	Start of Reporting Period (C)	End of Reporting Period (D)
Item	LIABILITIES			
33. Accounts Payable.....			1 1 5 4 3 8	7 6 4 2 6 5
34. Loans Payable.....	8		0	0
35. Mortgages Payable.....			0	0
36. Other Liabilities.....	4		0	0
37. TOTAL LIABILITIES.....			1 1 5 4 3 8	7 6 4 2 6 5
38. NET ASSETS (Item 32 less Item 37).....			3 7 1 9 9 9 1	3 4 5 7 8 6 6

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FILE NUMBER

STA. **000000** - RECEIPTS AND DISBURSEMENTS

Complete Schedules 1 Through 15 Before Completing Statement B

Enter Amounts in Dollars Only -- Do Not Enter Cents

Item	CASH RECEIPTS	From SCH #	AMOUNT	Item	CASH DISBURSEMENTS	From SCH #	AMOUNT
39. Dues.....			7 1 7 3 6	56. To Officers.....		9	0
40. Per Capita Tax.....			0	57. To Employees.....		10	4 4 4 7 0 3
41. Fees.....			0	58. Per Capita Tax.....			0
42. Fines.....			0	59. Fees, Fines, Assessments, etc.....			0
43. Assessments.....			1 2 9 8 6 2 7	60. Office & Administrative Expense.....		13	2 0 5 9 1 4
44. Work Permits.....			0	61. Educational & Publicity Expense.....			0
45. Sale of Supplies.....			0	62. Professional Fees.....			0
46. Interest.....			1 0 2 0 5 3	63. Benefits.....		11	3 1 4 7 7 7
47. Dividends.....			0	64. Contributions, Gifts & Grants.....		12	5 0
48. Rents.....			0	65. Supplies for Resale.....			0
49. Sale of Investments & Fixed Assets.....		6	0	66. Direct Taxes.....			0
50. Loans Obtained.....			0	67. Withholding Taxes.....			0
51. Repayments of Loans Made.....			0	68. Purchase of Investments & Fixed Assets.....		7	0
52. On Behalf of Affiliates for Transmittal to Them.....			0	69. Loans Made.....		1	0
53. From Members for Disbursement on Their Behalf.....			2 7 3 0 1 6 1	70. Repayment of Loans Obtained.....		8	0
54. Other Receipts.....		14	0	71. To Affiliates of Funds Collected on Their Behalf.....			0
55. TOTAL RECEIPTS.....			4 2 0 2 5 7 7	72. On Behalf of Individual Members.....			0
				73. Other Disbursements.....		15	6 6 6 3 0 8
				74. TOTAL DISBURSEMENTS.....			4 4 6 4 7 5 2

RC 0509

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FILE NUMBER: [REDACTED]

Enter Amounts in Dollars Only -- Do Not Enter Cents

**SCHEDULE 1 -- LOANS RECEIVABLE**

1. List below loans to officers, employees, or members of the family for the reporting period exceeding \$250 and list all loans to business enterprises regardless of amount. (A)	Loans Outstanding at Start of Period (B)	Loans Made During Period (C)	Repayments Received During Period		Loans Outstanding at End of Period (E)
			Cash (D)(1)	Other Than Cash (D)(2)	
1.					
2.					
3.					
4. Totals from additional pages (if any)					
5. Totals of loans not listed above	0	0	0	0	0
6. Totals of Lines 1 through 5	0	0	0	0	0

The totals from Line 6 are entered in: Item 27 Column (A) ..... Item 51 ..... Item 69 ..... Item 75 Column (B) ..... Item 27 Column (B)

RC 0510

**SCHEDULE 2 - INVESTMENTS (OTHER THAN U.S. TREASURY SECURITIES)**

**SCHEDULE 3 - OTHER ASSETS**

FILE NUMBER: 

Description (A)	Amount (B)	Description (A)	Book Value (B)
<b>Marketable Securities</b>		<b>1. DEPOSIT WITH INSURANCE TRUST</b>	<b>3 4 3 9 9</b>
1. Total Cost	8 8 0 9 2 3	<b>2. PREPAID EXPENSES</b>	<b>1 6 6 1 4</b>
2. Total Book Value	1 6 6 9 0 9 3	<b>3. OTHER</b>	<b>1 0 0 0</b>
3. List each marketable security which has a book value over \$1,000 and exceeds 25% of Line 2. (a) None <b>0</b>		4.	
(b)		5.	
(c)		6. Total from additional pages (if any)	
(d)		7. Total of Lines 1 through 6	<b>5 2 0 1 3</b>
<b>Other Investments</b>		The total from Line 7 is entered in Item 31, Column (B)	
4. Total Cost	0		
5. Total Book Value	0		

Description (A)	Amount (B)	Description (A)	Amount at End of Period (B)
<b>Other Liabilities</b>		<b>1. None</b>	<b>0</b>
4. Total Cost	0	2.	
5. Total Book Value	0	3.	
6. List each other investment which has a book value over \$1,000 and exceeds 25% of Line 5. Also list each subsidiary for which separate reports are attached. (a) None <b>0</b>		4.	
(b)		5.	
(c)		6. Total from additional pages (if any)	
(d)		7. Total of Lines 1 through 6	<b>0</b>
(e) Total from additional pages (if any)		The total from Line 7 is entered in Item 36, Column (D)	
7. Total of Lines 2 and 5	<b>1 6 9 0 9 3</b>		

**SCHEDULE 5 - FIXED ASSETS**

FILE NUMBER: **7**

Description (A)	Cost or Other Basis (B)	Total Depreciation or Amount Expensed (C)	Book Value (D)	Fair Market Value (E)
1. Land (give location): None	0		0	0
2. Totals from additional pages (if any)				
3. Buildings (give location): None	0		0	0
4. Totals from additional pages (if any)				
5. Automobiles and Other Vehicles	0		0	0
6. Office Furniture and Equipment	1 3 9 5 0 4	1 2 9 1 7 3	1 0 3 3 1	7 0 0 0 0
7. Other Fixed Assets	0	0	0	0
8. Totals of Lines 1 through 7	1 3 9 5 0 4	1 2 9 1 7 3	1 0 3 3 1	7 0 0 0 0
The total from Line 8, Column (D) is entered in..... Item 30, Column (B)				

**SCHEDULE 6 - SALE OF INVESTMENTS AND FIXED ASSETS**

Description (if land or buildings, give location) (A)	Cost (B)	Book Value (C)	Gross Sales Price (D)	Amount Received (E)
1. None	0	0	0	0
2.				
3.				
4.				
5. Totals from additional pages (if any)				
6. Totals of Lines 1 through 5	0	0	0	0
7. Less Reinvestments				0
8. Net Sales				0
The total from Line 8 is entered in..... Item 49				

**SCHEDULE 7 -- PURCHASE OF INVESTMENTS AND FIXED ASSETS**

Description (If lend or buildings, give location)	Cost (B)	Book Value (C)	Cash Paid (D)
1. None	0	0	0
2.			
3.			
4.			
5. Totals from additional pages (if any)			
6. Totals of Lines 1 through 5	0	0	0
7. Less Reinvestments			0
8. Net Purchases			0

The total from Line 8 is entered in ..... Item 68

**SCHEDULE 8 -- LOANS PAYABLE**

Source of Loans Payable at Any Time During the Reporting Period (A)	Loans Owed at Start of Period (B)	Loans Obtained During Period (C)	Repayment Made During Period		Loans Owed at End of Period (E)
			Cash (D)(1)	Other Than Cash (D)(2)	
1. None	0	0	0	0	0
2.					
3.					
4.					
5. Totals from additional pages (if any)					
6. Totals of Lines 1 through 5	0	0	0	0	0

The total from Line 6 is entered in ..... Item 34  
 ..... Item 50  
 ..... Item 70  
 ..... Item 75  
 with Explanation  
 ..... Item 34  
 Column (D)

RC 0513

**SCHEDULE 9 - ALL OFFICERS AND DISBURSEMENTS TO OFFICERS**

FILE NUMBER

(A) Name <small>(List all persons who held office during the reporting period even if they received no salary or other disbursements.)</small>	(B) Title <small>(Enter title of officer, such as PRESIDENT or TREASURER.)</small>	Status (C)*	Gross Salary (before taxes and other deductions) (D)	Allowances (E)	Disbursements for Official Business (F)	Other Disbursements (G)	Total (H)
1. SWAN CHAIRMAN	TOMEY	C	0	0	0	0	0
2. MC CARTHY VICE CHAIRMAN	MICHAEL	C	0	0	0	0	0
3. MC CARON TREASURER	CHRISTOPHE	C	0	0	0	0	0
4. COLTON SECRETARY	ROBERT	C	0	0	0	0	0
5. REYNOLDS DIRECTOR	LAWRENCE	N	0	0	0	0	0
6. DAVIS DIRECTOR	ROBBIE	N	0	0	0	0	0
7. SIBILLE DIRECTOR	RAY	C	0	0	0	0	0
8. Totals from additional pages (if any)			0	0	0	0	0
9. Totals of Lines 1 through 8			0	0	0	0	0
10. Less Deductions							0
11. Net Disbursements							0

The total from Line 11 is entered in ..... Item 56

(If any officer was not elected at a regular election in accordance with your organization's constitution and bylaws, explain in item 7S.)

**SCCHEDULE 10 - DISBURSEMENTS TO EMPLOYEES**

FILE NUMBER: 

(A) Name <i>(List all employees who received more than \$10,000 in total disbursements from your organization and any affiliates.)</i>	(B) Position <i>(Enter employee's job title.)</i>	(C) Name of Affiliated Organization <i>(If applicable)</i>	Gross Salary (before taxes and other deductions) (D)	Allowances (E)	Disbursements for Official Business (F)	Other Disbursements (G)	Total (H)
1. BEECH MEMBER REP.	JOHN		5 3 7 7 2	0	1 0 5 7 0	0	6 4 3 4 2
2. BROOKS OFFICE STAFF	CHERYL		1 5 0 9 7	0	0	0	1 5 0 9 7
3. DOOLEY OFFICE STAFF	CAROLYN		1 7 9 0 4	0	0	0	1 7 9 0 4
4. GIOVANNI NATIONAL MANAGER	JOHN		8 2 3 3 3	0	0	0	8 2 3 3 3
5. HAIRE MEMBER REP.	DARRELL		5 0 5 1 5	0	1 2 2 2 8	0	6 2 7 4 4
6. Totals from additional pages (if any)			2 0 2 2 8 3	0	0	0	2 0 2 2 8 3
7. Totals for all employees who, during the reporting period, received \$10,000 or less in total disbursements from your organization and any affiliates			0	0	0	0	0
8. Totals of Lines 1 through 7			4 2 1 9 0 4	0	2 2 7 9 9	0	4 4 4 7 0 3
9. Less Deductions							0
10. Net Disbursements							4 4 4 7 0 3

The total from Line 10 is entered in Item 57

RC 0515



**SCHEDULE 11 - BENEFITS**

FILE NUMBER: 

Description (A)	To Whom Paid (B)	Amount (C)
1. HEALTH INSURANCE	INSURANCE COMPANY	2 5 4 8 8 9 5
2. DISABILITY BENEFITS	MEMBERS, SERV. PROVIDERS	5 9 8 8 8 2
3.		
4.		
5. Total from additional pages (if any)		
6. Total of Lines 1 through 5		3 1 4 7 7 7
The total from Line 6 is entered in ..... Item 63		

**SCHEDULE 12 - CONTRIBUTIONS, GIFTS & GRANTS**

Description (A)	Amount (B)
1. DONATION TO BGFOP #4	5 0
2.	
3.	
4.	
5.	
6.	
7. Total from additional pages (if any)	
8. Total of Lines 1 through 7	5 0
The total from Line 8 is entered in ..... Item 64	

**SCHEDULE 13 - OFFICE & ADMINISTRATIVE EXPENSE**

Description (A)	Amount (B)
1. RENT	7 2 2 8 8
2. OFFICE SUPPLIES	1 4 6 1 2
3. POSTAGE AND SHIPPING	1 2 1 4 9
4. COMMISSIONS	1 1 6 2 5
5. TELEPHONE	2 6 9 0 1
6. COMPUTER SERVICES	3 0 5 9 4
7. Total from additional pages (if any)	3 7 7 4 5
8. Total of Lines 1 through 7	2 0 5 9 1 4
The total from Line 8 is entered in ..... Item 60	



**SCHEDULE 14 - OTHER RECEIPTS**

**SCHEDULE 15 - OTHER DISBURSEMENTS**

Description (A)	Amount (B)	Description (A)	Amount (B)
1. MEDIA RIGHTS REVENUES	1 8 6 6 2 9 6	1. ADDITIONAL SUPPORTING SERVICES	4 0 2 4 0 3
2. STATE PROGRAM CONTRIBUTIONS	8 5 8 9 5 0	2. REG AND PROMO OF RACING	2 6 3 9 0 5
3. OTHER	4 9 1 5	3.	
4.		4.	
5.		5.	
6.		6.	
7.		7.	
8.		8.	
9.		9.	
10.		10.	
11.		11.	
12.		12.	
13.		13.	
14.		14.	
15.		15.	
16. Total from additional pages (if any)		16. Total from additional pages (if any)	
17. Total of Lines 1 through 16	2 7 3 0 1 6 1	17. Total of Lines 1 through 16	6 6 3 0 8
The total from Line 17 is entered in ..... Item 54		The total from Line 17 is entered in ..... Item 73	

RC 0517

ORGANIZATION NAME: JOCKEY'S GUILD, INC.  
 ENDING DATE OF PERIOD COVERED: 12/31/2001  
 FILE NUMBER: [REDACTED]

**SCHEDULE 9 - ALL OFFICERS AND DISBURSEMENTS TO OFFICERS (continued)**

(A) Name <i>(List all persons who held office during the reporting period even if they received no salary or other disbursements.)</i>	(B) Title <i>(Enter title of officer, such as PRESIDENT or TREASURER.)</i>		Status (C)*	Gross Salary (before taxes and other deductions) (D)	Allowances (E)	Disbursements for Official Business (F)	Other Disbursements (G)	Total (H)
	(B) Title	(C)*						
WILSON DIRECTOR	NICKY	C		0	0	0	0	0
DESORMEAUX DIRECTOR	KENT	N		0	0	0	0	0
BALLEY DIRECTOR	JERRY	P		0	0	0	0	0
DAY PRESIDENT	PATRICK	P		0	0	0	0	0
BLACK TREASURER	ANTHONY	P		0	0	0	0	0
MELANCON DIRECTOR	LARRY	P		0	0	0	0	0

RC 0518

ORGANIZATION NAME:  
**JOC'S GUILD, INC.**  
 ENDING DATE OF PERIOD COVERED:  
**12/31/2001**

FILE NUMBER: 

**SCHEDULE 10 - DISBURSEMENTS TO EMPLOYEES (continued)**

(A) Name <i>(List all employees who received more than \$10,000 in total disbursements from your organization and any affiliates.)</i>	(B) Position <i>(Enter employee's job title.)</i>	(C) Name of Affiliated Organization <i>(If applicable)</i>	Gross Salary (before taxes and other deductions) (D)	Allowances (E)	Disbursements for Official Business (F)	Other Disbursements (G)	Total (H)
MOORE REGIONAL MANAGER	DAVID		2 5 8 9 1	0	0	0	2 5 8 9 1
MOORE OFFICE STAFF	SHEVARR		1 6 0 9 5	0	0	0	1 6 0 9 5
SALCONE SPECIAL PROJECTS	MATTHEW		1 5 9 2 9	0	0	0	1 5 9 2 9
SAUMELL REGIONAL MANAGER	LAZARO		2 7 4 1 8	0	0	0	2 7 4 1 8
SOLOWONE REGIONAL MANAGER	MICHAEL		3 4 9 7 3	0	0	0	3 4 9 7 3

RC 0519

ORGANIZATION NAME:  
**JOHN'S GUILD, INC.**  
 ENDING DATE OF PERIOD COVERED:  
**12/31/2001**

FILE NUMBER: **[REDACTED]**

**SCHEDULE 10 - DISBURSEMENTS TO EMPLOYEES (continued)**

(A) Name (List all employees who received more than \$10,000 in total disbursements from your organization and any affiliates.)

(B) Position (Enter employee's job title.)

(C) Name of Affiliated Organization (if applicable)

(A) Name	(B) Position	(C) Name of Affiliated Organization	Gross Salary (before taxes and other deductions) (D)	Allowances (E)	Disbursements for Official Business (F)	Other Disbursements (G)	Total (H)
WARD	OFFICE MANAGER	CAROL	3 1 8 0 7	0	0	0	3 1 8 0 7
WILLIS	OFFICE STAFF	VICKIE	1 2 9 2 4	0	0	0	1 2 9 2 4
BOURNIAS	REGIONAL MANAGER	PETER	3 7 2 4 6	0	0	0	3 7 2 4 6

RC 0520



ORG. NAME:  
JOCKEY'S GUILD, INC.

ENDING DATE OF PERIOD COVERED:  
12/31/2001

FILE NUMBER:

**75. ADDITIONAL INFORMATION**

Item Number  
10

GUILD PRODUCTS, INC.  
P.O. BOX 150  
MONROVIA, CA 91017

A FOR-PROFIT COMPANY FOR THE DISTRIBUTION OF JOCKEY RELATED ITEMS; CEASED SALES AS OF JUNE 15, 2001. METHOD (2) - COMPLETE A SEPARATE FORM LM-2 (OR FORM LM-3) FOR THE SUBSIDIARY ORGANIZATION AND FILE IT WITH THE LABOR ORGANIZATION'S FORM LM-2 (OR FORM LM-2). THE LM-2 REPORT (OR LM-3 REPORT) FOR THE SUBSIDIARY ORGANIZATION MUST BE IDENTIFIED BY ENTERING AN "X" IN THE BOX IN ITEM 3(C).

RC 0522

Form LM-2 (Revised 2001)

2 - 175

FILE NUMBER: 

ORGANIZATION NAME:  
**JOCKEY'S GUILD, INC.**  
ENDING DATE OF PERIOD COVERED:  
12/31/2001

**75. ADDITIONAL INFORMATION(continued)**

Item Number 11	<p>DISABLED JOCKEY'S FUND P.O. BOX 150 MONROVIA, CA 91017 FUND FOR THE DISBURSEMENT OF DISABILITY BENEFITS TO MEMBERS. METHOD (1) - CONSOLIDATE THE FINANCIAL INFORMATION FOR THE SUBSIDIARY ORGANIZATION(S) AND THE LABOR ORGANIZATION ON A SINGLE FORM LM-2 (OR FORM LM-3).</p> <p>JOCKEY'S GUILD, INC. HEALTH AND WELFARE FUND P.O. BOX 150 MONROVIA, CA 91017 TRUST TO HOLD HEALTH AND WELFARE BENEFIT MONIES. METHOD (1) - CONSOLIDATE THE FINANCIAL INFORMATION FOR THE SUBSIDIARY ORGANIZATION(S) AND THE LABOR ORGANIZATION ON A SINGLE FORM LM-2 (OR FORM LM-3).</p>
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RC 0523



FILE NUMBER: [REDACTED]

ORG. CONT NAME:  
JOCKEYS' GUILD, INC.  
ENDING DATE OF PERIOD COVERED:  
12/31/2001

75. ADDITIONAL INFORMATION (continued)

Item Number

9

JOCKEYS' GUILD, INC.  
134 E CHESTNUT AVE  
MONROVIA, CA 91016-3432

RC 0525

FILE NUMBER

ORGANIZATION NAME:  
JOHN'S GUILD, INC.  
ENDING DATE OF PERIOD COVERED:  
12/31/2001

**75. ADDITIONAL INFORMATION (continued)**

Item Number

CR

A LAWSUIT IS PENDING TO OBTAIN DOCUMENTS FROM ARTHUR ANDERSON FOR FINANCIAL INFORMATION FOR THE YEAR ENDED 2000. THEREFORE, THE NUMBERS ARE ESTIMATED.

RC 0526

This report is mandatory under P.L. 86-257, as amended. Failure to comply may result in criminal prosecution, fines, or civil penalties as provided by 29 U.S.C. 439 or 440.

1. FILE NUMBER  
 [REDACTED]

2. PERIOD COVERED  
 From [REDACTED] Through [REDACTED]

3. (a) UNTERMINATED - If this is an amended report correcting a previously filed report, check this box.   
 (b) TERMINAL - If your organization ceased to exist and this is its final report, see Section XII of the instructions and check here.   
 (c) SUBSIDIARY - If this is a report for a subsidiary organization of your union as defined in Section X of the instructions, check here.

4. AFFILIATION OR ORGANIZATION NAME  
**JOCKEYS' GUILD, INC.**

5. DESIGNATION (Local, Lodge, etc.)

6. DESIGNATION NUMBER

7. UNIT NAME (if any)  
**NATIONAL ORGANIZATION**

8. MAILING ADDRESS  
 First Name: **L WAYNE**  
 Last Name: **GERTMANIAN**  
 P.O. Box, Building and Room Number (if any): **P.O. BOX 150**  
 Number and Street:  
 City: **MONROVIA**  
 State: **CA** ZIP Code + 4: **91017-0150**

75. ADDITIONAL INFORMATION  
 Item Number:

Each of the undersigned, duly authorized officers of the above labor organization, declares, under the applicable penalties of law, that the information submitted in this report (including the information contained in any accompanying documents) has been examined by me, signatory and is, to the best of the undersigned's knowledge and belief, true, correct, and complete. (See Section VI on penalties in the instructions.)

76. SIGNED: *[Signature]* PRESIDENT (if other title, see instructions)  
 Date: **19 FEB 2004** Telephone Number: **(626) 305-5605**

77. SIGNED: *[Signature]* CONTROLLER CFO (if other title, see instructions)  
 Date: **19 FEB 2004** Telephone Number: **(626) 305-5605**

387  
Tab 23

RC 0527

ORGANIZATION NAME:  
JOCKEY'S GUILD, INC.  
ENDING DATE OF PERIOD COVERED:  
12/31/2002

FILE NUMBER:

**TRUSTEE SIGNATURES**

Each of the undersigned, duly authorized officers of the above labor organization, declares, under the applicable penalties of law, that all of the information furnished in this report, including the information contained in any accompanying documents, has been examined by the signatory and is, to the best of the undersigned's knowledge and belief, true, correct, and complete. (See Section VI on penalties in the instructions.)

Trustee Sign: \_\_\_\_\_ TRUSTEE  
Date \_\_\_\_\_ Telephone Number \_\_\_\_\_  
Trustee Sign: \_\_\_\_\_ TRUSTEE  
Date \_\_\_\_\_ Telephone Number \_\_\_\_\_

FILE NUMBER: [REDACTED]

**During the Reporting Period Did Your Organization:**

10. Have a "subsidiary organization" as defined in Section X of the instructions?  Yes  No

11. Create or participate in the administration of a trust or other fund or organization, as defined in the instructions, which provides benefits for members or their beneficiaries?  Yes  No

12. Have a political action committee (PAC) fund?  Yes  No

13. Acquire or dispose of any goods or property in any manner other than by purchase or sale?  Yes  No

14. Have an audit or review of its books and records by an outside accountant or by a parent body auditor/representative?  Yes  No

15. Discover any loss or shortage of funds or other property?  Yes  No  
(Answer "Yes" even if there has been repayment or recovery.)

16. Have any officer who was paid \$10,000 or more by your organization and also received \$10,000 or more as an officer or employee of another labor organization or of an employee benefit plan?  Yes  No

17. Liquidate or reduce any liabilities without disbursement of cash?  Yes  No

(If the answer to any of the above questions is "Yes," provide details in Item 75 as explained in the instructions for each item.)

18. How many members did your organization have at the end of the reporting period?  MO:  YEAR:

19. What is the date of your organization's next regular election of officers? MO:  YEAR:

20. What is the maximum amount recoverable under your organization's fidelity bond for a loss caused by any officer or employee of your organization? \$

21. What are your organization's rates of dues and fees? (Enter a minimum and maximum if more than one rate applies for any line.)

	100/3	per	YEAR/AMOUNT
			(Month, Year, etc.)
(a) Regular Dues/Fees	\$		
(b) Initiation Fees	\$	100	
(c) Transfer Fees	\$	N/A	
(d) Work Permits	\$	N/A	N/A

22. During the reporting period, did your organization have any changes in its constitution and bylaws (other than rates of dues and fees) or in practices/procedures listed in the instructions?  Yes  No  
(If the constitution and bylaws or practices/procedures have changed, see the instructions.)

23. Were any of your organization's assets pledged as security or encumbered in any other way at the end of the reporting period?  Yes  No

24. Did your organization have any contingent liabilities at the end of the reporting period?  Yes  No  
(If the answer to Item 23 or 24 is "Yes," provide details in Item 75.)

STATION A - ASSETS AND LIABILITIES

Complete Schedules 1 Through 15 Before Completing Statement A

Enter Amounts in Dollars Only -- Do Not Enter Cents

FILE NUMBER

Item	ASSETS	From SCH #	Start of Reporting Period (A)	End of Reporting Period (E)
25. Cash			2 1 2 3 0 3 8	4 1 6 1 9 6
26. Accounts Receivable			0	0
27. Loans Receivable		1	0	0
28. U.S. Treasury Securities			0	0
29. Investments		2	1 6 9 0 9 3	1 3 1 3 2 0 8
30. Fixed Assets		5	1 0 3 3 1	1 1 2 1
31. Other Assets		3	4 7 4 6 3	2 6 3 9 9
32. TOTAL ASSETS			3 8 4 9 9 2 5	5 5 0 2 7 2 4
Item	LIABILITIES	From SCH #	Start of Reporting Period (C)	End of Reporting Period (D)
33. Accounts Payable			0	0
34. Loans Payable		8	0	0
35. Mortgages Payable			0	0
36. Other Liabilities		4	0	0
37. TOTAL LIABILITIES			0	0
38. NET ASSETS (Item 32 less item 37)			3 8 4 9 9 2 5	5 5 0 2 7 2 4

RC 0530

STATEMENT B - RECEIPTS AND DISBURSEMENTS

FILE NUMBER: [REDACTED]

Complete Schedules 1 Through 15 Before Completing Statement B

Enter Amounts in Dollars Only - Do Not Enter Cents

Item	From SCH #	AMOUNT	Item	From SCH #	AMOUNT
39. Dues.....		1 1 5 0 4 4 2	56. To Officers.....	9	5 9 5 1 2
40. Per Capita Tax.....		0	57. To Employees.....	10	2 2 5 5 7
41. Fees.....		0	58. Per Capita Tax.....		0
42. Fines.....		0	59. Fees, Fines, Assessments, etc. ....		0
43. Assessments.....		1 8 3 1 7 3 1	60. Office & Administrative Expense.....	13	3 4 9 9 0 5
44. Work Permits.....		0	61. Educational & Publicity Expense.....		0
45. Sale of Supplies.....		0	62. Professional Fees.....		0
46. Interest.....		8 9 5 6 5	63. Benefits.....	11	3 0 3 7 5 2 7
47. Dividends.....		0	64. Contributions, Gifts & Grants.....	12	6 0 0
48. Rents.....		0	65. Supplies for Resale.....		0
49. Sale of Investments & Fixed Assets.....	6	3 8 6 1 5 9	66. Direct Taxes.....		0
50. Loans Obtained.....	8	0	67. Withholding Taxes.....		5 8 1 8 9
51. Repayments of Loans Made.....	1	0	68. Purchase of Investments & Fixed Assets.....	7	0
52. On Behalf of Affiliates for Transmittal to Them.....		0	69. Loans Made.....	1	0
53. From Members for Disbursement on Their Behalf.....		0	70. Repayment of Loans Obtained.....	8	0
54. Other Receipts.....	14	3 3 5 5 9 7 9	71. To Affiliates of Funds Collected on Their Behalf.....		0
55. TOTAL RECEIPTS.....		6 8 1 3 8 7 6	72. On Behalf of Individual Members.....		0
			73. Other Disbursements.....	15	1 0 4 3 6 2 8
			74. TOTAL DISBURSEMENTS.....		4 7 7 4 9 1 8

Form UK-2 (Revised 2003) 2 - 4 Page 4 of 12

FILE NUMBER: 

Enter Amounts in Dollars Only -- Do Not Enter Cents

**SCHEDULE 1 -- LOANS RECEIVABLE**

1. List below loans to officers, employees, or members which at any time during the reporting period exceeded \$250 and list all loans to business enterprises regardless of amount.	Loans Outstanding at Start of Period (B)	Loans Made During Period (C)	Repayments Received During Period		Loans Outstanding at End of Period (E)
			Cash (D)(1)	Other Than Cash (D)(2)	
1.					
2.					
3.					
4. Totals from additional pages (if any)					
5. Totals of loans not listed above	0	0	0	0	0
6. Totals of Lines 1 through 5	0	0	0	0	0

RC 0532

The totals from Line 6 are entered in: Item 27 Column (A) Item 89 Item 51 Item 75 with Explanation Item 27 Column (B)



**SCHEDULE 2 - INVESTMENTS**  
(OTHER THAN U.S. TREASURY SECURITIES)

**SCHEDULE 3 - OTHER ASSETS**

FILE NUMBER: 

Description (A)	Amount (B)
<b>Marketable Securities</b>	<b>8 8 0 9 2 3</b>
1. Total Cost	
2. Total Book Value	<b>1 3 1 3 2 0 8</b>
3. List each marketable security which has a book value over \$1,000 and exceeds 20% of Line 2. (a) None <b>0</b> (b) _____ (c) _____ (d) _____	
<b>Other Investments</b>	<b>0</b>
4. Total Cost	
5. Total Book Value	<b>0</b>
6. List each other investment which has a book value over \$1,000 and exceeds 20% of Line 2. List each subsidiary for which separate reports are attached. (a) None <b>0</b> (b) _____ (c) _____ (d) _____	
(e) Total from additional pages (if any)	
7. Total of Lines 2 and 5	<b>1 3 1 3 2 0 8</b>
The total from Line 7 is entered in ..... Item 25, Column (B)	

Description (A)	Book Value (B)
1. DEPOSIT WITH INSURANCE TRUST	<b>2 6 3 9 9</b>
2. _____	
3. _____	
4. _____	
5. _____	
6. Total from additional pages (if any)	
7. Total of Lines 1 through 6	<b>2 6 3 9 9</b>
The total from Line 7 is entered in ..... (Item 31, Column (B))	

**SCHEDULE 4 - OTHER LIABILITIES**

Description (A)	Amount at End of Period (B)
1. None	<b>0</b>
2. _____	
3. _____	
4. _____	
5. _____	
6. Total from additional pages (if any)	
7. Total of Lines 1 through 6	<b>0</b>
The total from Line 7 is entered in ..... Item 36, Column (D)	

**SCHEDULE 5 - FIXED ASSETS**

FILE NUMBER: XXXXXXXXXX

Description (A)	Cost or Other Basis (B)	Total Depreciation or Amount Expensed (C)	Book Value (D)	Fair Market Value (E)
1. Land (give location): None	0		0	0
2. Totals from additional pages (if any)				
3. Buildings (give location): None	0	0	0	0
4. Totals from additional pages (if any)				
5. Automobiles and Other Vehicles	0	0	0	0
6. Office Furniture and Equipment	1 3 9 5 0 4	1 3 8 3 8 3	1 1 2 1	7 0 0 0 0
7. Other Fixed Assets	0	0	0	0
8. Totals of Lines 1 through 7	1 3 9 5 0 4	1 3 8 3 8 3	1 1 2 1	7 0 0 0 0
The total from Line 8, Column (D) is entered in..... Item 30, Column (B)				

**SCHEDULE 6 - SALE OF INVESTMENTS AND FIXED ASSETS**

Description (if land or buildings, give location) (A)	Cost (B)	Book Value (C)	Gross Sales Price (D)	Amount Received (E)
1. CUSTODIED AT AMALGAMATED BANK	5 8 6 9 8 3	5 8 6 9 8 3	3 8 6 1 5 9	3 8 6 1 5 9
2.				
3.				
4.				
5. Totals from additional pages (if any)				
6. Totals of Lines 1 through 5	5 8 6 9 8 3	5 8 6 9 8 3	3 8 6 1 5 9	3 8 6 1 5 9
7. Less Reinvestments				
8. Net Sales				
				3 8 6 1 5 9
The total from Line 8 is entered in..... Item 49				

Form LM-2 (Revised 2005)

RC 0534

**SC. SCHEDULE 7 -- PURCHASE OF INVESTMENTS AND FIXED ASSETS**

FILE NUMBER: [REDACTED]

Description (If land or buildings, give location)	Cost (B)	Book Value (C)	Cash Paid (D)
1. None		0	0
2.			
3.			
4.			
5. Totals from additional pages (if any)			
6. Totals of Lines 1 through 5		0	0
7. Loss Reinvestments			
8. Net Purchases			
The total from Line 8 is entered in ..... Item 68			

**SCHEDULE 8 -- LOANS PAYABLE**

Source of Loans Payable at Any Time During the Reporting Period (A)	Loans Owed at Start Period (B)	Loans Obtained During Period (C)	Repayment Made During Period		Loans Owed at End of Period (E)
			Cash (D1)	Other Than Cash (D2)	
1. None	0	0	0	0	0
2.					
3.					
4.					
5. Totals from additional pages (if any)					
6. Totals of Lines 1 through 5	0	0	0	0	0
The total from Line 6 is entered in ..... Item 34 Column (C)					
The total from Line 6 is entered in ..... Item 50					
The total from Line 6 is entered in ..... Item 75 with Explanation					
The total from Line 6 is entered in ..... Item 34 Column (D)					

RC 0535

**SC Form 9 - ALL OFFICERS AND DISBURSEMENTS TO OFFICERS**

FILE NUMBER: [REDACTED]

(A) Name <small>(List all persons who held office during the reporting period even if they received no salary or other disbursements.)</small>	(B) Title <small>(Enter title of officer, such as PRESIDENT or TREASURER.)</small>	Status (C)*	Gross Salary (before taxes and other deductions) (D)	Allowances (E)	Disbursements for Official Business (F)	Other Disbursements (G)	Total (H)
1. GERTIMENIAN L WAYNE PRESIDENT		C	7 5 0 0 0	0	0	0	7 5 0 0 0
2. SWAN TOMMY CHAIRMAN		C	0	0	0	0	0
3. DESORBEAUX KENT VICE CHAIRMAN		C	0	0	0	0	0
4. PANAS DEIRDRE SECRETARY		N	0	0	0	0	0
5. KING, JR. EDWIN TREASURER		N	0	0	0	0	0
6. CABANSA, JR. ABAD DIRECTOR		N	0	0	0	0	0
7. DAVIS ROBBIE DIRECTOR		C	0	0	0	0	0
8. Totals from additional pages (if any)			0	0	0	0	0
9. Totals of Lines 1 through 8			7 5 0 0 0	0	0	0	7 5 0 0 0
10. Less Deductions						1 5 4 8 8	
11. Net Disbursements						5 9 5 1 2	

The total from Line 11 is entered in Item 56  
 \*Code for Status (C): past officer - P; continuing officer - C; new officer during the reporting period - N.  
 Form LK-2 (Revised 2009)

ORGANIZATION NAME: JOCKEY GUILD, INC.  
 ENDING DATE OF PERIOD COVERED: 12/31/2002  
 FILE NUMBER: [REDACTED]

**SCHEDULE 9 - ALL OFFICERS AND DISBURSEMENTS TO OFFICERS (continued)**

(A) Name <small>(List all names, including those officers who they received no salary or other disbursements.)</small>	(B) Title <small>(Enter title of officer, such as PRESIDENT or TREASURER.)</small>	(C) Status <small>(C) or (P)</small>	Gross Salary (before taxes and other deductions) (D)	Allowances (E)	Disbursements for Official Business (F)	Other Disbursements (G)	Total (H)
REYNOLDS LAWRENCE DIRECTOR		C	0	0	0	0	0
SHEPHERD DAVID DIRECTOR		N	0	0	0	0	0
SIBILLE RAY DIRECTOR		C	0	0	0	0	0
MC CARTHY MICHAEL VICE CHAIRMAN		P	0	0	0	0	0
MC CARRON CHRISTOPHE TREASURER		P	0	0	0	0	0
COLTON ROBERT SECRETARY		P	0	0	0	0	0
WILSON NICKY DIRECTOR		P	0	0	0	0	0

RC 0537

**SC. FORM 10 - DISBURSEMENTS TO EMPLOYEES**

FILE NUMBER: [REDACTED]

(A) Name <i>(List all employees who received more than \$10,000 in total disbursements from your organization and any affiliates.)</i>	(B) Position <i>(Enter employee's job title.)</i>	(C) Name of Affiliated Organization <i>(If applicable)</i>	Gross Salary (before taxes and other deductions) (D)	Allowances (E)	Disbursements for Official Business (F)	Other Disbursements (G)	Total (H)
1. BEECH, JOHN MEMBER REP.			5 1 2 4 8	0	2 6 7 6 9	0	7 8 0 1 7
2. FISS, ALBERT VICE PRESIDENT			2 4 0 0 0	0	7 8 5 2	0	3 1 8 5 2
3. HAIRE, DARRELL MEMBER REP.			5 8 8 6 3	0	2 0 1 7 7	0	7 9 0 4 0
4. PRESTON, CARLY OFFICE MANAGER			2 8 5 0 0	0	7 7 0	0	2 9 2 7 0
5. RICHARDSON, THOMAS SPECIAL PROJECTS			2 6 7 5 0	0	6 0 0 4	0	3 2 7 5 4
6. Totals from additional pages (if any)			3 1 7 0 8	0	7 4 1 2	0	3 9 1 2 0
7. Totals for all employees who, during the reporting period, received \$10,000 or less in total disbursements from your organization and any affiliates			0	0	0	0	0
8. Totals of Lines 1 through 7			2 2 1 0 6 9	0	6 8 9 8 4	0	2 9 0 0 5 3
9. Less Deductions							6 4 4 9 6
10. Net Disbursements							2 2 5 5 5 7

The total from Line 10 is entered in ..... Item 57

RC 0538

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FILE NUMBER: 

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ORGA  
**JOCKEYS GUILD, INC.**  
 ENDING DATE OF PERIOD COVERED:  
 12/31/2002

**SCHEDULE 10 - DISBURSEMENTS TO EMPLOYEES (continued)**

(A) Name <small>(List all employees who received more than \$10,000 in total disbursements from your organization and any affiliates.)</small>	(B) Position <small>(Enter employee's job title.)</small>	(C) Name of Affiliated Organization <small>(If applicable)</small>	Gross Salary (before taxes and other deductions) (D)	Allowances (E)	Disbursements for Official Business (F)	Other Disbursements (G)	Total (H)
SALCONE SPECIAL PROJECTS	MATTHEW		1 8 9 5 8	0	6 9 0 0	0	2 5 8 5 8
SOUTHINGTON SPECIAL PROJECTS	ERIC		1 2 7 5 0	0	5 1 2	0	1 3 2 6 2

RC 0539

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**SCHEDULE 11 - BENEFITS**

FILE NUMBER

Description (A)	To Whom Paid (B)	Amount (C)
1. HEALTH INSURANCE	INSURANCE COMPANY, ADMIN	2 4 5 6 8 6 8
2. DISABILITY BENEFITS	MEMBERS, SERV. PROVIDERS	5 8 0 6 5 9
3.		
4.		
5. Total from additional pages (if any)		
6. Total of Lines 1 through 5		3 0 3 7 5 2 7
The total from Line 6 is entered in ..... Item 63		

**SCHEDULE 12 - CONTRIBUTIONS, GIFTS & GRANTS**

Description (A)	Amount (B)
1. DONATION TO BGFOP #4	2 0 0
2. DONATION TO MD RACING MEDIA	4 0 0
3.	
4.	
5.	
6.	
7. Total from additional pages (if any)	
8. Total of Lines 1 through 7	6 0 0
The total from Line 8 is entered in ..... Item 64	

**SCHEDULE 13 - OFFICE & ADMINISTRATIVE EXPENSE**

Description (A)	Amount (B)
1. RENT	1 0 5 2 7 9
2. OFFICE SUPPLIES	4 9 7 8 8
3. POSTAGE AND SHIPPING	1 9 9 4 9
4. COMMISSIONS	1 7 5 4 8
5. TELEPHONE	4 2 8 8 2
6. COMPUTER SERVICES	8 5 4 0 6
7. Total from additional pages (if any)	2 9 0 5 3
8. Total of Lines 1 through 7	3 4 9 9 0 5
The total from Line 8 is entered in ..... Item 60	

RC 0540



FILE NUMBER

SCHEDULE 14 - OTHER RECEIPTS

SCHEDULE 15 - OTHER DISBURSEMENTS

Description (A)	Amount (B)
1. MEDIA RIGHTS REVENUES	2 0 2 1 1 4 7
2. STATE PROGRAM CONTRIBUTIONS	1 3 3 4 8 3 2
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16. Total from additional pages (if any)	
17. Total of Lines 1 through 16	3 3 5 9 7 9
The total from Line 17 is entered in ..... Item 54	

Description (A)	Amount (B)
1. ADDITIONAL SUPPORTING SERVICES	4 0 8 8 9 5
2. REG AND PROMO OF RACING	4 3 4 1 8 9
3. INVESTMENT LOSSES	2 0 0 5 4 4
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16. Total from additional pages (if any)	
17. Total of Lines 1 through 16	1 0 4 3 6 2 8
The total from Line 17 is entered in ..... Item 73	

RC 0541





FILE NUMBER



ORGANIZATION NAME:  
 JOCKEYS' GUILD, INC.  
 ENDING DATE OF PERIOD COVERED:  
 12/31/2002

**75. ADDITIONAL INFORMATION**

Item Number  
9

JOCKEYS' GUILD, INC.  
 134 E. CHESTNUT AVE.  
 MONROVIA, CA 91016-3432

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RC 0543



ORGANIZATION NAME:  
JOCKEY'S GUILD, INC.  
ENDING DATE OF PERIOD COVERED:  
12/31/2002

FILE NUMBER:

**75. ADDITIONAL INFORMATION(continued)**

Item Number

10  
GUILD PRODUCTS, INC.  
P.O. BOX 150  
MONROVIA, CA 91017

A FOR-PROFIT COMPANY FOR THE DISTRIBUTION OF JOCKEY RELATED ITEMS; CEASED SALES AS OF JUNE 15, 2001.

RC 0544



FILE NUMBER



ORGANIZATION NAME  
**JOCKEY'S GUILD, INC.**  
 REPORTING DATE OF PERIOD COVERED:  
 12/31/2002

**75. ADDITIONAL INFORMATION (continued)**

Item Number	
11	<p>DISABLED JOCKEYS FUND            P.O. BOX 150            MONROVIA, CA 91017            FUND FOR THE DISBURSEMENT OF DISABILITY BENEFITS TO MEMBERS. METHOD (1) - CONSOLIDATE THE FINANCIAL INFORMATION FOR THE SUBSIDIARY ORGANIZATION(S) AND THE LABOR ORGANIZATION ON A SINGLE FORM LM-2 (OR FORM LM-3).</p> <p>JOCKEY'S GUILD, INC. HEALTH AND WELFARE FUND            P.O. BOX 150            MONROVIA, CA 91017            TRUST TO HOLD HEALTH AND WELFARE BENEFIT MONIES. METHOD (1) - CONSOLIDATE THE FINANCIAL INFORMATION FOR THE SUBSIDIARY ORGANIZATION(S) AND THE LABOR ORGANIZATION ON A SINGLE FORM LM-2 (OR FORM LM-3).</p>

RC 0545



FILE NUMBER

ORGANIZATION NAME:  
JOCKEYS GUILD, INC.  
ENDING DATE OF PERIOD COVERED:  
12/31/2002

**75. ADDITIONAL INFORMATION (continued)**

Item Number	
14	<p>AUDIT PERFORMED BY OUTSIDE ACCOUNTANT</p> <p>PIAZZA, DONNELLY &amp; MARLETTE, LLP            21707 HAWTHORNE BLVD, STE 301            TORRANCE, CA 90503</p>

RC 0546

**FORM LM-2 LABOR ORGANIZATION ANNUAL REPORT**  
 MUST BE USED BY LABOR ORGANIZATIONS WITH \$300,000 OR MORE IN  
 TOTAL ANNUAL RECEIPTS AND LABOR ORGANIZATIONS IN TRUSTEESHIP

This report is mandatory under P.L. 86-257, as amended. Failure to comply may result in criminal prosecution, fines, or civil penalties as provided by 29 U.S.C. 439 or 440.

READ THE INSTRUCTIONS CAREFULLY BEFORE PREPARING THIS REPORT.

1. FILE NUMBER  
 2. PERIOD COVERED  
 From: MO 01 DAY 01 YEAR 2003  
 Through: MO 12 DAY 31 YEAR 2003

3. (1) INCORPORATED - If this is an amended report correcting a previously filed report, check here:   
 (2) TERMINAL - If your organization ceased to exist and this is its final report, see Section 28 of the instructions and check here:   
 (3) SUBSIDIARY - If this is a report for a subsidiary organization of your union as defined in Section 14 of the instructions, check here:

8. MAILING ADDRESS  
 First Name: L WAYNE  
 Last Name: GERTMANIAN  
 P.O. Box, Building and Room Number (if any): P.O. BOX 150  
 Number and Street:  
 City: MONROVIA  
 State: CA ZIP Code + 4: 91017-0150

4. AFFILIATION OR ORGANIZATION NAME  
 JOCKEYS' GUILD, INC.

5. DESIGNATION (Local, Lodge, etc.)

6. DESIGNATION NUMBER

7. UNIT NAME (if any)  
 NATIONAL ORGANIZATION

9. Are your organization's records kept at its mailing address? Yes  No

75. ADDITIONAL INFORMATION

Each of the undersigned, duly authorized officers of the above labor organization, declares, under the applicable penalties of law, that all of the information submitted in this report (including the information contained in any accompanying documents) has been examined by the signatory and is, to the best of the undersigned's knowledge and belief, true, correct, and complete. (See Section VI of the instructions.)

SIGNED: [Signature] PRESIDENT (626) 305-5605 Telephone Number  
 22 DEC 2004 Date  
 [Signature] CONTROLLER, CFO (626) 305-5605 Telephone Number  
 22 DEC 2004 Date

FILE NUMBER: [REDACTED]

**During the Reporting Period Did Your Organization:**

10. Have a "subsidiary organization" as defined in Section X of the instructions?  Yes  No

11. Create or participate in the administration of a trust or other fund or organization, as defined in the instructions, which provides benefits for members or their beneficiaries?  Yes  No

12. Have a political action committee (PAC) fund?  Yes  No

13. Acquire or dispose of any goods or property in any manner other than by purchase or sale?  Yes  No

14. Have an audit or review of its books and records by an outside accountant or by a parent body auditor/representative?  Yes  No

15. Discover any loss or shortage of funds or other property?  Yes  No  
 (Answer "Yes" even if there has been repayment or recovery.)

16. Have any officer who was paid \$10,000 or more by your organization and also received \$10,000 or more as an officer or employee of another labor organization or of an employee benefit plan?  Yes  No

17. Liquidate or reduce any liabilities without disbursement of cash?  Yes  No

*(If the answer to any of the above questions is "Yes," provide details in Item 75 as explained in the instructions for each item.)*

18. How many members did your organization have at the end of the reporting period? 1560

19. What is the date of your organization's next regular election of officers? MO 12 YEAR 2004

20. What is the maximum amount recoverable under your organization's fidelity bond for a loss caused by any officer or employee of your organization? \$ 5000000

21. What are your organization's rates of dues and fees? *(Enter a minimum and maximum if more than one rate applies for any line.)*

Rates of Dues and Fees	
100's	YEAR AMOUNT
<i>(Month, Year, etc.)</i>	
(a) Regular Dues/Fees	\$ 100 per 100
(b) Initiation Fees	\$ NA
(c) Transfer Fees	\$ NA
(d) Work Permits	\$ NA per NA

22. During the reporting period, did your organization have any changes in its constitution and bylaws (other than rates of dues and fees) or in practices/procedures listed in the instructions?  Yes  No  
*(If the constitution and bylaws or practices/procedures have changed, see the instructions.)*

23. Were any of your organization's assets pledged as security or encumbered in any other way at the end of the reporting period?  Yes  No

24. Did your organization have any contingent liabilities at the end of the reporting period?  Yes  No

*(If the answer to Item 23 or 24 is "Yes," provide details in Item 75.)*



**STATEMENT A - ASSETS AND LIABILITIES**  
 Complete Schedules 1 Through 15 Before Completing Statement A

FILE NUMBER:                     

**Enter Amounts in Dollars Only -- Do Not Enter Cents**

	From SCH #	Start of Reporting Period (A)	End of Reporting Period (B)
<b>ASSETS</b>			
Item	ASSETS		
25. Cash.....		4 1 6 1 9 9 6	3 2 8 4 1 6 4
26. Accounts Receivable.....		0	0
27. Loans Receivable.....	1	0	0
28. U.S. Treasury Securities.....		0	0
29. Investments.....	2	1 3 1 3 2 0 8	1 3 0 9 0 0 6
30. Fixed Assets.....	5	1 1 2 1	3 1 7 2 2
31. Other Assets.....	3	2 6 3 9 9	0
32. TOTAL ASSETS.....		5 5 0 2 7 2 4	4 6 2 4 8 9 2
<b>LIABILITIES</b>			
Item	LIABILITIES		
33. Accounts Payable.....		0	0
34. Loans Payable.....	8	0	0
35. Mortgages Payable.....		0	0
36. Other Liabilities.....	4	0	0
37. TOTAL LIABILITIES.....		0	0
38. NET ASSETS (Item 32 less Item 37).....		5 5 0 2 7 2 4	4 6 2 4 8 9 2

FILE NUMBER: 

**STATEMENT B - RECEIPTS AND DISBURSEMENTS**

Complete Schedules 1 Through 15 Before Completing Statement B

CASH RECEIPTS		From SCH #	AMOUNT	CASH DISBURSEMENTS		From SCH #	AMOUNT
Item				Item			
38. Dues.....			6 5 0 5 2 6	56. To Officers.....		9	2 5 2 2 5 0
40. Per Capita Tax.....			0	57. To Employees.....		10	3 1 1 2 2 6
41. Fees.....			0	58. Per Capita Tax.....		0	0
42. Fines.....			0	59. Fees, Fines, Assessments, etc. ....		0	0
43. Assessments.....			6 4 1 1 2 6	60. Office & Administrative Expense....		13	3 2 8 4 0 7
44. Work Permits.....			0	61. Educational & Publicity Expense....		0	0
45. Sale of Supplies.....			0	62. Professional Fees.....		0	0
46. Interest.....			1 4 8 7 6	63. Benefits.....		11	3 0 0 8 0 0 0
47. Dividends.....			0	64. Contributions, Gifts & Grants.....		12	2 5 0 0 0 0
48. Rents.....			0	65. Supplies for Resale.....		0	0
49. Sale of Investments & Fixed Assets.....		6	1 3 8 4 0 5	66. Direct Taxes.....		0	0
50. Loans Obtained.....		8	0	67. Withholding Taxes.....		0	6 7 8 0 4
51. Repayments of Loans Made.....		1	0	68. Purchase of Investments & Fixed Assets.....		7	2 0 1 4 8 1
52. On Behalf of Affiliates for Transmittal to Them.....		0	0	69. Loans Made.....		1	0
53. From Members for Disbursement on Their Behalf.....		14	0	70. Repayment of Loans Obtained.....		8	0
54. Other Receipts.....		0	3 2 7 8 9 2 3	71. To Affiliates of Funds Collected on Their Behalf.....		0	0
55. TOTAL RECEIPTS.....			4 7 2 3 8 5 6	72. On Behalf of Individual Members.....		0	0
				73. Other Disbursements.....		15	1 1 8 2 5 2 0
				74. TOTAL DISBURSEMENTS.....			5 6 0 1 6 8 8

FILE NUMBER:                     

Enter Amounts in Dollars Only - Do Not Enter Cents

**SCHEDULE 1 - LOANS RECEIVABLE**

List below loans to officers, employees, or members which at any time during the reporting period exceeded \$250 and list all loans to business enterprises regardless of amount.

1. List below loans to officers, employees, or members which at any time during the reporting period exceeded \$250 and list all loans to business enterprises regardless of amount. (A)	2. Loans Outstanding at Start of Period (B)	3. Loans Made During Period (C)	4. Repayments Received During Period		5. Loans Outstanding at End of Period (E)
			6. Cash (D)(1)	7. Other Than Cash (D)(2)	
1.					
2.					
3.					
4. Totals from additional pages (if any)					
5. Totals of loans not listed above	0		0	0	0
6. Totals of Lines 1 through 5	0		0	0	0

The totals from Line 6 are entered in: Item 27, Column (A); Item 51, Column (B); Item 57, Column (B); Item 58, with Explanation.

**SCHEDULE 2 - INVESTMENTS (OTHER THAN U.S. TREASURY SECURITIES)**

FILE NUMBER: XXXXXXXXXX

**SCHEDULE 3 - OTHER ASSETS**

Description (A)	Amount (B)	Description (A)	Book Value (B)
1. Total Cost	7 5 9 5 3	1. None	0
2. Total Book Value	1 3 0 9 0 6	2.	
3. List each marketable security which has a book value over \$1,000 and exceeds 20% of Line 2.		3.	
(a) None	0	4.	
(b)		5.	
(c)		6. Total from additional pages (if any)	
(d)		7. Total of Lines 1 through 6	0
4. Total Cost	0	The total from Line 7 is entered in ..... Item 31, Column (B)	

**SCHEDULE 4 - OTHER LIABILITIES**

Description (A)	Amount at End of Period (B)	Description (A)	Amount at End of Period (B)
1. Total Cost	0	1. None	0
2. Total Book Value	0	2.	
3. List each other investment which has a book value over \$1,000 and exceeds 20% of Line 2.		3.	
(a) None	0	4.	
(b)		5.	
(c)		6. Total from additional pages (if any)	
(d)		7. Total of Lines 1 through 6	0
4. Total Cost	0	The total from Line 7 is entered in ..... Item 36, Column (D)	

**SCHEDULE 5 - FIXED ASSETS**

FILE NUMBER: [REDACTED]

Description (A)	Cost or Other Basis (B)	Total Depreciation or Amount Expensed (C)	Book Value (D)	Fair Market Value (E)
1. Land (give location): None	0		0	0
2. Totals from additional pages (if any)				
3. Buildings (give location): None	0	0	0	0
4. Totals from additional pages (if any)				
5. Automobiles and Other Vehicles	0	0	0	0
6. Office Furniture and Equipment	179158	147436	31722	25000
7. Other Fixed Assets	0	0	0	0
8. Totals of Lines 1 through 7	179158	147436	31722	25000

The total from Line 8, Column (D) is entered in..... Item 30, Column (B)

**SCHEDULE 6 - SALE OF INVESTMENTS AND FIXED ASSETS**

Description (if land or buildings, give location) (A)	Cost (B)	Book Value (C)	Gross Sales Price (D)	Amount Received (E)
1. CUSTODIED AT AMALGAMATED BANK	89877	89877	138405	138405
2.				
3.				
4.				
5. Totals from additional pages (if any)				
6. Totals of Lines 1 through 5	89877	89877	138405	138405
7. Less Reinvestments				0
8. Net Sales				138405

The total from Line 8 is entered in ..... Item 48

**SCHEDULE 7 -- PURCHASE OF INVESTMENT AND FIXED ASSETS**

FILE NUMBER:                     

Description (If land or buildings, give location)	Cost (B)	Book Value (C)	Cash Paid (D)
1. CUSTODIED AT AMALGAMATED BANK	161827	161827	161827
2. FURNITURE AND EQUIPMENT	39654	39654	39654
3.			
4.			
5. Totals from additional pages (if any)			
6. Totals of Lines 1 through 5	201481	201481	201481
7. Less Reinvestments			0
8. Net Purchases			201481

The total from Line 8 is entered in ..... Item 68

**SCHEDULE 8 -- LOANS PAYABLE**

Source of Loans Payable at Any Time During the Reporting Period (A)	Loans Owed at Start of Period (B)	Loans Obtained During Period (C)	Repayment Made During Period		Loans Owed at End of Period (E)
			Cash (D)(1)	Other Than Cash (D)(2)	
1. None	0	0	0	0	0
2.					
3.					
4.					
5. Totals from additional pages (if any)					
6. Totals of Lines 1 through 5	0	0	0	0	0

The total from Line 6 is entered in ..... Item 34 Column (C)  
 ..... Item 50 ..... Item 70 ..... Item 75 with Explanation ..... Item 34 Column (D)

**SCHEDULE 9 - ALL OFFICERS AND DISBURSEMENTS TO OFFICERS**

FILE NUMBER:                     

	(A) Name <small>(List all persons who held office during the reporting period even if they received no salary or other disbursements.)</small>	(B) Title <small>(Enter title of office, such as PRESIDENT or TREASURER.)</small>	Status (C)*	Gross Salary (before taxes and other deductions) (D)	Allowances (E)	Disbursements for Official Business (F)	Other Disbursements (G)	Total (H)
1.	GERTMIAN I. WAYNE PRESIDENT		C	1 5 1 2 5 0	0	0	0	1 5 1 2 5 0
2.	FELS ALBERT VICE PRESIDENT		C	1 0 1 0 0 0	0	0	0	1 0 1 0 0 0
3.	SWAN TOMMY JEAN CHAIRMAN		C	0	0	0	0	0
4.	CABASSA, JR. ARAD DIRECTOR		C	0	0	0	0	0
5.	DAVIS ROBBIE DIRECTOR		C	0	0	0	0	0
6.	PANAS DEIRDRE SECRETARY		P	0	0	0	0	0
7.	LAMBERT CASEY SECRETARY		N	0	0	0	0	0
8.	Totals from additional pages (if any)			0	0	0	0	0
9.	Totals of Lines 1 through 8			2 5 2 2 5 0	0	0	0	2 5 2 2 5 0
				10. Less Deductions				0
The total from Line 11 is entered in				Item 56		11. Net Disbursements		2 5 2 2 5 0

\*Code for Status (C): past officer - P; continuing officer - C; new officer during the reporting period - N.  
 Form LM-2 (Revised 2003)

**SCHEDULE 10 - DISBURSEMENTS TO EMPLOYEES**

FILE NUMBER:                     

(A) Name <small>(List all employees who received more than \$10,000 in total disbursements from your organization and any affiliates.)</small>	(B) Position <small>(Enter employee's job title.)</small>	(C) Name of Affiliated Organization <small>(If applicable)</small>	Gross Salary (before taxes and other deductions) (D)	Allowances (E)	Disbursements for Official Business (F)	Other Disbursements (G)	Total (H)
ASATRYAN 1. SPECIAL PROJECTS	GEVORK		8 1 5 5	0	0	0	8 1 5 5
DE SANCTIS 2. SPECIAL PROJECTS	ROSY		1 7 6 9 4	0	0	0	1 7 6 9 4
HAIRE 3. MEMBER REP.	DARRELL		6 7 2 5 8	0	0	0	6 7 2 5 8
HALL 4. SPECIAL PROJECTS	JIMI		1 1 7 3 5	0	0	0	1 1 7 3 5
RICE 5. CONTROLLER	STEPHEN		4 5 5 0 0	0	0	0	4 5 5 0 0
6. Totals from additional pages (if any)			1 6 0 8 8 4	0	0	0	1 6 0 8 8 4
7. Totals for all employees who, during the reporting period, received \$10,000 or less in total disbursements from your organization and any affiliates			0	0	0	0	0
8. Totals of Lines 1 through 7			3 1 1 2 2 6	0	0	0	3 1 1 2 2 6
9. Less Deductions							0
10. Net Disbursements							3 1 1 2 2 6



**SCHEDULE 11 - BENEFITS**

FILE NUMBER: [REDACTED]

Description (A)	To Whom Paid (B)	Amount (C)
1. HEALTH INSURANCE AND BENEFITS	SERVICE, INSURANCE, MEMBERS	1 6 0 3 2 5 6
2. DISABILITY BENEFITS	MEMBERS, SERVICE PROVIDER	6 0 1 9 0 5
3. 3RD PARTY ADMINISTRATION	SERVICE PROVIDERS	8 0 2 8 3 9
4.		
5. Total from additional pages (if any)		
6. Total of Lines 1 through 5		3 0 0 8 0 0 0
The total from Line 6 is entered in ..... Item 63		

**SCHEDULE 12 - CONTRIBUTIONS, GIFTS & GRANTS**

Description (A)	Amount (B)
1. DISABLED JOCKEYS' ENDOWMENT	2 5 0 0 0 0
2.	
3.	
4.	
5.	
6.	
7. Total from additional pages (if any)	
8. Total of Lines 1 through 7	2 5 0 0 0 0
The total from Line 8 is entered in ..... Item 64	

**SCHEDULE 13 - OFFICE & ADMINISTRATIVE EXPENSE**

Description (A)	Amount (B)
1. RENT	1 6 7 6 3 8
2. OFFICE SUPPLIES	8 2 2 4 7
3. POSTAGE AND SHIPPING	3 6 9 2 8
4. DUES	5 1 0 4
5. PHONE	6 7 5
6. GRP. INSURANCE AND PENSION	3 5 8 1 5
7. Total from additional pages (if any)	
8. Total of Lines 1 through 7	3 2 8 4 0 7
The total from Line 8 is entered in ..... Item 60	

FILE NUMBER 

**SCHEDULE 14 -  
OTHER RECEIPTS**

Description (A)	Amount (B)
1. MEDIA RIGHTS	1 6 2 3 3 5 3
2. STATE PROGRAM CONTRIBUTIONS	1 2 9 9 2 7 4
3. LITIGATION SETTLED	1 5 1 4 3
4. INVESTMENT	3 4 1 1 5 3
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16. Total from additional pages (if any)	
17. Total of Lines 1 through 16	3 2 7 8 9 2 3
The total from Line 17 is entered in ..... Item 54	

**SCHEDULE 15 -  
OTHER DISBURSEMENTS**

Description (A)	Amount (B)
1. ADDITIONAL SUPPORT SERVICES	7 7 0 5 2 0
2. REG. & PROMOTION OF RACING	4 1 2 0 0 0
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16. Total from additional pages (if any)	
17. Total of Lines 1 through 16	1 1 8 2 5 2 0
The total from Line 17 is entered in ..... Item 73	

FILE NUMBER: [REDACTED]

WORLD, INC.  
 ENDING DATE OF PERIOD COVERED:  
 12/31/2003

**SCHEDULE 9 - ALL OFFICERS AND DISBURSEMENTS TO OFFICERS (continued)**

(A) Name <small>(List all persons who held office during the reporting period even if they received no salary or other disbursements.)</small>	(B) Title <small>(Enter job or office, such as PRESIDENT or TREASURER.)</small>	(C) Status <small>(C)</small>	(D) Gross Salary <small>(before taxes and other deductions)</small>	(E) Allowances	(F) Disbursements <small>for Official Business</small>	(G) Other Disbursements	(H) Total
DEBORRBAUX KENT DIRECTOR		C	0	0	0	0	0
KING EDDIE TREASURER		C	0	0	0	0	0
SHEPHERD DAVID DIRECTOR		C	0	0	0	0	0
SIBILLE RAY DIRECTOR		C	0	0	0	0	0
REYNOLDS LAWRENCE DIRECTOR		C	0	0	0	0	0

FILE NUMBER: 

ORGANIZATION NAME:  
**JOCKEYS' GUILD, INC.**  
 ENDING DATE OF PERIOD COVERED:  
 12/31/2003

**SCHEDULE 10 - DISBURSEMENTS TO EMPLOYEES (continued)**

(A) Name <small>(List all individuals who were paid more than \$10,000 in total disbursements from your organization and any affiliates.)</small>	(B) Position <small>(Enter employee's job title.)</small>	(C) Name of Affiliated Organization <small>(If applicable)</small>	Gross Salary (before taxes and other deductions) (D)	Advances (E)	Disbursements for Official Business (F)	Other Disbursements (G)	Total (H)
RICHARDSON SPECIAL PROJECTS	THOMAS		3 1 4 3 1	0	0	0	3 1 4 3 1
SOUTHVONGNO SPECIAL PROJECTS	ERIC		2 5 8 4 7	0	0	0	2 5 8 4 7
PRESTON OFFICE MANAGER	CARLY		9 0 4 2	0	0	0	9 0 4 2
SAUMBELL MEMBER REP.	LAZARRO		2 6 6 9 7	0	0	0	2 6 6 9 7
BEECH MEMBER REP.	JOHN		6 7 8 6 7	0	0	0	6 7 8 6 7

FILE NUMBER: 

ORGANIZATION NAME:  
**JOCKEYS' GUILD, INC.**  
 ENDING DATE OF PERIOD COVERED:  
**12/31/2003**

**SCHEDULE 10 - DISBURSEMENTS TO EMPLOYEES (continued)**

(A) Name <small>(List all employees who received more than \$10,000 in total disbursements from your organization and any affiliates.)</small>	Gross Salary (before taxes and other deductions) (D)	Allowances (E)	Disbursements for Official Business (F)	Other Disbursements (G)	Total (H)
(B) Position <small>(Enter employee's job title.)</small>					
(C) Name of Affiliated Organization <small>(If applicable.)</small>					

FILE NUMBER: [REDACTED]

ORGANIZATION NAME:  
JOCKEYS GUILD, INC.  
ENDING DATE OF PERIOD COVERED:  
12/31/2003

**75. ADDITIONAL INFORMATION**

Item Number 11	<p>DISABLED JOCKEYS FUND P.O. BOX 150 MONROVIA, CA 91017 FUND FOR THE DISBURSEMENT OF DISABILITY BENEFITS TO MEMBERS. METHOD (1) - CONSOLIDATE THE FINANCIAL INFORMATION FOR THE SUBSIDIARY ORGANIZATION(S) AND THE LABOR ORGANIZATION ON A SINGLE FORM LM-2 (OR FORM LM-3).</p> <p>JOCKEYS' GUILD, INC. HEALTH AND WELFARE FUND P.O. BOX 150 MONROVIA, CA 91017 TRUST TO HOLD HEALTH AND WELFARE BENEFIT MONIES. METHOD (1) - CONSOLIDATE THE FINANCIAL INFORMATION FOR THE SUBSIDIARY ORGANIZATION(S) AND THE LABOR ORGANIZATION ON A SINGLE FORM LM-2 (OR FORM LM-3).</p>
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FILE NUMBER:

ORGANIZATION NAME:  
JOCKEYS' GUILD, INC.  
ENDING DATE OF PERIOD COVERED:  
12/31/2003

**75. ADDITIONAL INFORMATION(continued)**

Item Number

14  
AUDIT PERFORMED BY OUTSIDE ACCOUNTANT  
PIAZZA, DONNELLY & MARLETTE, LLP  
3460 TORRANCE BLVD., SUITE 150  
TORRANCE, CA 90503

FILE NUMBER: [REDACTED]

ORGANIZATION NAME:  
JOCKEYS' GUILD, INC.  
ENDING DATE OF PERIOD COVERED:  
12/31/2003

**75. ADDITIONAL INFORMATION (continued)**

Item Number 22 BYLAWS ENCLOSED

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FILE NUMBER: 

ORGANIZATION NAME:  
JOCKEYS' GUILD, INC.  
ENDING DATE OF PERIOD COVERED:  
12/31/2003

**75. ADDITIONAL INFORMATION (continued)**

Item Number  
9

JOCKEYS' GUILD, INC.  
134 E. CHESTNUT AVE.  
MONROVIA, CA 91016

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FILE NUMBER: [REDACTED]

ORGANIZATION NAME:  
**JOHNSON'S GUILD, INC.**  
ENDING DATE OF PERIOD COVERED:  
12/31/2003

**TRUSTEE SIGNATURES**

Each of the undersigned, duly authorized officers of the above labor organization, declares, under the applicable penalties of law, that all of the information submitted in this report (including the information contained in any accompanying documents) has been examined by the signatory and is, to the best of the undersigned's knowledge and belief, true, correct, and complete. (See Section 17 on penalties in the instructions.)

Trustee Sign: \_\_\_\_\_ TRUSTEE \_\_\_\_\_

Date \_\_\_\_\_ Telephone Number \_\_\_\_\_



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2424 P  
E 415-10

**Your Bank of America  
Business Analyzed  
Checking Statement**

Statement Period:  
June 1 through June 30, 2005

Account Number: [REDACTED]

Priority Customer Service  
Call: 1.800.678.1433  
Online: www.bankofamerica.com

Written Inquiries  
Bank of America  
North Arcadia Branch  
PO Box 37178  
San Francisco, CA 94137-0001



JOCKEYS' GUILD INC  
OPERATING ACCOUNT  
PO BOX 150  
MONROVIA CA 91017-0150

Customer since 2002  
Bank of America appreciates your  
business and we enjoy serving you.

Our free Online Banking service allows you to check account balances, transfer funds, pay bills and more. Enroll at  
www.bankofamerica.com.

Summary of Your Business Analyzed Checking Account

Beginning Balance on 06/01/05	\$88,602.36	Number of checks paid	413
Total Deposits and Credits	+ 786,692.46	Number of 24 Hour Customer Service Calls	
Total Checks, Withdrawals, Transfers, Account Fees	- 781,512.81	Self-Service	0
Ending Balance	\$43,781.81	Assisted	0

Important Information About Your Account

Your Business Analyzed Checking Analysis Statement provides details regarding monthly  
analysis charges.

Account Activity

Date Posted	Description	Reference #	Debits	Credits	Daily Balance
06/01	Deposit			\$ 17,184.00	
06/01	Check # 25412		\$ 1,000.00		
06/01	Check # 25639		63.00		
06/01	Check # 25654		214.80		
06/01	Check # 25683		400.00		
06/01	Check # 25795		80.00		
06/01	Check # 25796		510.00		
06/01	Check # 25803		1,000.00		
06/01	Check # 25815		397.00		
06/01	Check # 25824		500.00		
06/01	Check # 25843		200.00		
06/01	Check # 25869		200.00		
06/01	Check # 25877		1,200.00		
06/01	Check # 25895		200.00		
06/01	Check # 25898		200.00		
06/01	Check # 25901		782.00		

Continued on next page  
0027905.001.323

California

Page 1 of 10



JOCKEYS' GUILD INC  
OPERATING ACCOUNT

Statement Period: June 1 through June 30, 2005  
Account Number: [REDACTED]

Account Activity Continued

Date Posted	Description	Reference #	Debits	Credits	Daily Balance
06/01	Check # 25907		1,120.00		
					\$77,719.56
06/02	Check # 25738		\$ 400.00		
06/02	Check # 25769		587.90		
06/02	Check # 25775		330.00		
06/02	Check # 25779		1,055.00		
06/02	Check # 25783		330.00		
06/02	Check # 25788		1,000.00		
06/02	Check # 25789		330.00		
06/02	Check # 25794		260.00		
06/02	Check # 25798		760.00		
06/02	Check # 25804		760.00		
06/02	Check # 25806		666.00		
06/02	Check # 25810		533.00		
06/02	Check # 25816		330.00		
06/02	Check # 25817		830.00		
06/02	Check # 25827		1,000.00		
06/02	Check # 25838		600.00		
06/02	Check # 25842		200.00		
06/02	Check # 25860		200.00		
06/02	Check # 25868		200.00		
06/02	Check # 25872		428.57		
06/02	Check # 25873		371.43		
06/02	Check # 25888		200.00		
06/02	Intuit Software DES:Software ID:INDN:Gevork *asatryan Co ID: [REDACTED] PPD Ref:02 [REDACTED]		28.24		
06/02	Transfer to Checking [REDACTED]		95.54		
					\$66,223.1
06/03	Deposit			\$ 13,231.38	
06/03	Deposit			17,695.00	
06/03	Deposit			24,927.00	
06/03	Check # 25450		\$ 830.00		
06/03	Check # 25646		204.15		
06/03	Check # 25649		182.10		
06/03	Check # 25706		1,200.00		
06/03	Check # 25717		400.00		
06/03	Check # 25733		400.00		
06/03	Check # 25744		257.14		
06/03	Check # 25770		330.00		
06/03	Check # 25772		360.00		
06/03	Check # 25781		330.00		
06/03	Check # 25782		760.00		
06/03	Check # 25784		340.00		
06/03	Check # 25785		830.00		
06/03	Check # 25790		340.00		
06/03	Check # 25793		330.00		
06/03	Check # 25799		559.00		
06/03	Check # 25807		830.00		
06/03	Check # 25808		330.00		
06/03	Check # 25811		830.00		
06/03	Check # 25812		380.00		
06/03	Check # 25819		778.00		
06/03	Check # 25825		987.00		
06/03	Check # 25826		1,013.00		
06/03	Check # 25830		200.00		
06/03	Check # 25831		200.00		
06/03	Check # 25840		200.00		
06/03	Check # 25847		200.00		
06/03	Check # 25849		200.00		
06/03	Check # 25852		200.00		
06/03	Check # 25859		114.29		
06/03	Check # 25863		200.00		
06/03	Check # 25864		200.00		
06/03	Check # 25867		200.00		
06/03	Check # 25881		200.00		

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JOCKEYS' GUILD INC  
OPERATING ACCOUNT

Statement Period: June 1 through June 30, 2005  
Account Number: [REDACTED]

Account Activity Continued

Date Posted	Description	Reference #	Debits	Credits	Daily Balance
06/03	Check # 25882		400.00		
06/03	Check # 25884		200.00		
06/03	Check # 25886		200.00		
06/03	Check # 25887		200.00		
06/03	Check # 25802		2,000.00		
06/03	Check # 25803		4,000.00		
06/03	Check # 25804		879.74		
06/03	Check # 25909		217.92		
06/06	Deposit			\$ 5,701.16	\$99,044.92
06/06	Deposit			10,249.00	
06/06	Deposit			14,391.64	
06/06	Check # 25374		\$ 200.00		
06/06	Check # 25533		200.00		
06/06	Check # 25597		200.00		
06/06	Check # 25641		157.90		
06/06	Check # 25692		400.00		
06/06	Check # 25724		400.00		
06/06	Check # 25777		1,000.00		
06/06	Check # 25778		330.00		
06/06	Check # 25800		330.00		
06/06	Check # 25805		330.00		
06/06	Check # 25806		330.00		
06/06	Check # 25821		330.00		
06/06	Check # 25823		478.00		
06/06	Check # 25829		200.00		
06/06	Check # 25832		200.00		
06/06	Check # 25833		400.00		
06/06	Check # 25835		200.00		
06/06	Check # 25837		200.00		
06/06	Check # 25838		200.00		
06/06	Check # 25841		200.00		
06/06	Check # 25857		200.00		
06/06	Check # 25858		200.00		
06/06	Check # 25868		200.00		
06/06	Check # 25870		200.00		
06/06	Check # 25875		200.00		
06/06	Check # 25893		100.00		
06/06	Check # 25900		200.00		
06/06	Check # 25906		950.00		
06/06	Check # 25981		200.00		
06/06	Check # 25982		566.64		
06/06	Check # 25983		600.00		
06/06	Check Deposit Adjustment		40.00		
06/07	Check # 25801		\$ 280.00		\$119,444.18
06/07	Check # 25846		200.00		
06/07	Check # 25850		200.00		
06/07	Check # 25853		200.00		
06/07	Check # 25883		200.00		
06/07	Check # 25891		200.00		
06/07	Check # 25897		100.00		
06/07	Check # 25899		100.00		
06/07	Check # 25905		4,000.00		
06/07	Check # 25914		1,650.00		
06/07	Check # 25929		200.00		
06/07	Check # 25950		200.00		
06/07	Check # 25955		200.00		
06/07	Check # 25962		200.00		
06/07	Check # 25975		200.00		
06/07	Check # 25979		100.00		
06/07	Check # 25984		400.00		
06/08	Deposit			\$ 2,788.76	\$110,834.18
06/08	Deposit			9,184.83	
06/08	Deposit			17,166.00	

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JOCKEYS' GUILD INC  
OPERATING ACCOUNT

Statement Period: June 1 through June 30, 2005  
Account Number: ██████████

Account Activity Continued

Date Posted	Description	Reference #	Debits	Credits	Daily Balance
06/08	Check # 25632		\$ 194.20		
06/08	Check # 25792		330.00		
06/08	Check # 25844		200.00		
06/08	Check # 25881		400.00		
06/08	Check # 25871		200.00		
06/08	Check # 25888		200.00		
06/08	Check # 25890		200.00		
06/08	Check # 25917		200.00		
06/08	Check # 25919		200.00		
06/08	Check # 25928		200.00		
06/08	Check # 25930		200.00		
06/08	Check # 25943		200.00		
06/08	Check # 25947		200.00		
06/08	Check # 25953		200.00		
06/08	Check # 25965		400.00		
06/08	Check # 25968		200.00		
06/08	Check # 25970		400.00		
06/08	Check # 25982		400.00		
06/08	Check # 25991		100.00		
06/08	Check # 25995		400.00		
06/08	Check # 25996		749.80		
06/09	Check # 25391		\$ 100.00		\$134,199.77
06/09	Check # 25696		200.00		
06/09	Check # 25771		330.00		
06/09	Check # 25797		330.00		
06/09	Check # 25813		760.00		
06/09	Check # 25814		330.00		
06/09	Check # 25854		200.00		
06/09	Check # 25923		200.00		
06/09	Check # 25926		200.00		
06/09	Check # 25932		600.00		
06/09	Check # 25945		285.71		
06/09	Check # 25946		200.00		
06/09	Check # 25356		200.00		
06/09	Check # 25374		200.00		
06/09	Check # 25978		200.00		
06/09	Check # 25983		400.00		
06/09	Check # 25988		600.00		
06/09	Check # 25994		1,052.78		
06/09	Check # 25997		450.00		
06/09	Check # 26003		1,120.00		
06/10	Check # 25580		\$ 200.00		\$126,241.27
06/10	Check # 25774		330.00		
06/10	Check # 25787		330.00		
06/10	Check # 25791		260.00		
06/10	Check # 25822		330.00		
06/10	Check # 25828		2,663.00		
06/10	Check # 25856		600.00		
06/10	Check # 25874		200.00		
06/10	Check # 25880		200.00		
06/10	Check # 25892		200.00		
06/10	Check # 25910		121.02		
06/10	Check # 25918		200.00		
06/10	Check # 25939		200.00		
06/10	Check # 25942		200.00		
06/10	Check # 25944		200.00		
06/10	Check # 25949		200.00		
06/10	Check # 25960		200.00		
06/10	Check # 25993		157.14		
06/10	Check # 26088		200.00		
06/10	Check # 26089		200.00		



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JOCKEYS' GUILD INC  
OPERATING ACCOUNT

Statement Period: June 1 through June 30, 2005  
Account Number: [REDACTED]

Account Activity Continued

Date Posted	Description	Reference #	Debits	Credits	Daily Balance
06/13	Money Transfer-Calif Trn: [REDACTED] Sender Ref: [REDACTED] Src: Fedwire Benf. Operating Acct. Jockey's Guild Inc. Orig: Jockeys Guild Fund			\$ 200,000.00	\$119,050.11
06/13	Check # 25896		\$ 200.00		
06/13	Check # 25824		200.00		
06/13	Check # 25833		200.00		
06/13	Check # 25934		200.00		
06/13	Check # 25952		200.00		
06/13	Check # 25857		200.00		
06/13	Check # 25969		200.00		
06/13	Check # 25871		200.00		
06/13	Check # 25976		200.00		
06/13	Check # 25990		800.00		
06/13	Check # 26080		847.63		
06/13	Check # 26083		683.78		
06/13	Check # 26084		6,536.38		
06/13	Transfer to Checking [REDACTED]		288,827.30		\$19,674.81
06/14	Deposit			\$ 1,367.18	
06/14	Deposit			11,135.00	
06/14	Deposit			17,360.00	
06/14	Deposit			17,476.00	
06/14	Deposit			34,580.25	
06/14	Check # 24885		\$ 57.14		
06/14	Check # 25181		200.00		
06/14	Check # 25843		187.75		
06/14	Check # 25811		4,900.00		
06/14	Check # 25812		1,100.00		
06/14	Check # 25813		5,000.00		
06/14	Check # 25915		847.00		
06/14	Check # 25930		200.00		
06/14	Check # 25935		200.00		
06/14	Check # 25841		200.00		
06/14	Check # 25858		200.00		
06/14	Check # 25867		200.00		
06/14	Check # 25886		200.00		
06/14	Check # 26004		200.00		
06/14	Check # 26005		15,000.00		
06/14	Check # 26008		200.00		
06/14	Check # 26016		200.00		
06/14	Check # 26048		200.00		
06/14	Check # 26067		100.00		
06/14	Check # 26082		116.64		
06/14	Check # 26085		1,388.58		
06/14	Check # 26088		139.58		
06/14	Check # 26087		104.64		
06/14	Vz Wireless Vw DES-E Check ID: INDN:Jaime *hall Co ID: [REDACTED] TEL Ref: [REDACTED]			323.57	
06/14	Transfer to Checking [REDACTED]		9,948.74		
06/14	Transfer to Checking [REDACTED]		21,015.29		\$38,854.29
06/15	Check # 25820		\$ 1,000.00		
06/15	Check # 25848		914.29		
06/15	Check # 25865		200.00		
06/15	Check # 25879		200.00		
06/15	Check # 25931		200.00		
06/15	Check # 25954		200.00		
06/15	Check # 25959		200.00		
06/15	Check # 25964		400.00		
06/15	Check # 26032		200.00		
06/15	Check # 26033		200.00		
06/15	Check # 26036		200.00		
06/15	Check # 26041		200.00		

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JOCKEYS' GUILD INC  
OPERATING ACCOUNT

Statement Period: June 1 through June 30, 2005  
Account Number: ██████████

Account Activity Continued

Data Posted	Description	Reference #	Debits	Credits	Daily Balance
06/15	Check # 26058		200.00		
06/15	Check # 26057		200.00		
06/15	Check # 26074		200.00		
06/15	Check # 26081		208.59		
06/15	Transfer to Checking ██████████		42.00		
06/15	Transfer to Checking ██████████		12,829.81		\$21,059.60
06/16	Check # 25552		\$ 1,540.00		
06/16	Check # 25802		330.00		
06/16	Check # 25818		330.00		
06/16	Check # 25915		200.00		
06/16	Check # 25925		200.00		
06/16	Check # 25940		200.00		
06/16	Check # 25951		200.00		
06/16	Check # 25961		200.00		
06/16	Check # 25987		200.00		
06/16	Check # 26000		4,000.00		
06/16	Check # 26006		200.00		
06/16	Check # 26007		200.00		
06/16	Check # 26008		200.00		
06/16	Check # 26019		200.00		
06/16	Check # 26021		200.00		
06/16	Check # 26026		200.00		
06/16	Check # 26027		200.00		
06/16	Check # 26044		200.00		
06/16	Check # 26045		200.00		
06/16	Check # 26052		342.86		
06/16	Check # 26075		200.00		
06/16	Check # 26090		650.00		
06/16	Transfer to Checking ██████████		10,800.27		- \$133.53
06/17	Deposit			\$ 15,089.47	
06/17	Deposit			15,197.00	
06/17	Online Banking transfer from Chk 6534 Confirmation# ██████████			65,000.00	
06/17	Check # 25834		\$ 400.00		
06/17	Check # 25836		200.00		
06/17	Check # 25927		200.00		
06/17	Check # 25972		200.00		
06/17	Check # 25977		200.00		
06/17	Check # 26001		250.00		
06/17	Check # 26010		200.00		
06/17	Check # 26013		200.00		
06/17	Check # 26014		200.00		
06/17	Check # 26018		200.00		
06/17	Check # 26031		200.00		
06/17	Check # 26040		200.00		
06/17	Check # 26042		200.00		
06/17	Check # 26054		200.00		
06/17	Check # 26055		1,000.00		
06/17	Check # 26059		200.00		
06/17	Check # 26063		200.00		
06/17	Check # 26064		200.00		
06/17	Check # 26068		1,842.86		
06/17	Check # 26069		200.00		
06/17	Check # 26078		24,794.19		
06/17	Check # 26091		48,206.80		
06/17	Transfer to Checking ██████████		12,932.91		\$2,536.18
06/20	Deposit			\$ 5,003.36	
06/20	Deposit			16,002.00	
06/20	Check # 25603		\$ 200.00		
06/20	Check # 25776		260.00		
06/20	Check # 25876		200.00		
06/20	Check # 25894		200.00		
06/20	Check # 25921		200.00		





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JOCKEYS' GUILD INC  
OPERATING ACCOUNT

Statement Period: June 1 through June 30, 2005  
Account Number: [REDACTED]

Account Activity Continued

Date Posted	Description	Reference #	Debits	Credits	Daily Balance
06/20	Check # 25937		200.00		
06/20	Check # 26002		478.10		
06/20	Check # 26020		200.00		
06/20	Check # 26023		200.00		
06/20	Check # 26025		200.00		
06/20	Check # 26028		200.00		
06/20	Check # 26038		200.00		
06/20	Check # 26050		200.00		
06/20	Check # 26052		200.00		
06/20	Check # 26053		200.00		
06/20	Check # 26070		200.00		
06/20	Check # 26158		200.00		
06/20	Transfer to Checking [REDACTED]		18,423.88		
					\$1,378.56
06/21	Deposit			\$ 10,679.69	
06/21	Check # 25747		\$ 400.00	25,841.00	
06/21	Check # 25985		200.00		
06/21	Check # 26029		200.00		
06/21	Check # 26065		200.00		
06/21	Check # 26073		200.00		
06/21	Check # 26076		160.00		
06/21	Check # 26134		200.00		
06/21	Check # 26143		200.00		
06/21	Transfer to Checking [REDACTED]		12,806.09		
				\$ 11,851.00	\$23,394.16
06/22	Deposit				
06/22	Check # 25920		\$ 200.00		
06/22	Check # 25938		200.00		
06/22	Check # 25998		4,500.00		
06/22	Check # 26011		200.00		
06/22	Check # 26017		200.00		
06/22	Check # 26058		200.00		
06/22	Check # 26068		200.00		
06/22	Check # 26071		200.00		
06/22	Check # 26072		200.00		
06/22	Check # 26096		200.00		
06/22	Check # 26099		200.00		
06/22	Check # 26112		200.00		
06/22	Check # 26119		200.00		
06/22	Check # 26120		200.00		
06/22	Check # 26128		200.00		
06/22	Check # 26140		200.00		
06/22	Check # 26142		200.00		
06/22	Check # 26144		200.00		
06/22	Check # 26180		1,650.00		
06/22	Transfer to Checking [REDACTED]		95.54		
06/22	Transfer to Checking [REDACTED]		9,900.28		
					\$15,689.34
06/23	Check # 25559		\$ 337.00		
06/23	Check # 25713		314.29		
06/23	Check # 25822		200.00		
06/23	Check # 26024		200.00		
06/23	Check # 26093		2,000.00		
06/23	Check # 26097		200.00		
06/23	Check # 26101		200.00		
06/23	Check # 26106		200.00		
06/23	Check # 26111		200.00		
06/23	Check # 26113		400.00		
06/23	Check # 26117		400.00		
06/23	Check # 26122		200.00		
06/23	Check # 26123		200.00		
06/23	Check # 26130		200.00		
06/23	Check # 26151		600.00		
06/23	Check # 26153		200.00		
06/23	Check # 26158		100.00		

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JOCKEYS' GUILD INC  
OPERATING ACCOUNT

Statement Period: June 1 through June 30, 2005  
Account Number: ██████████

Account Activity Continued

Date Posted	Description	Reference #	Debits	Credits	Daily Balance
06/23	Check # 26173		1,120.00		
06/23	Transfer to Checking ██████████		7,438.13		
06/24	Deposit			\$ 2,920.88	\$989.92
06/24	Deposit			6,620.00	
06/24	Online Banking transfer from Chk 6098 Confirmation# ██████████			30,000.00	
06/24	Check # 26022		\$ 200.00		
06/24	Check # 26034		200.00		
06/24	Check # 26046		200.00		
06/24	Check # 26124		200.00		
06/24	Check # 26125		200.00		
06/24	Check # 26126		771.43		
06/24	Check # 26127		200.00		
06/24	Check # 26131		200.00		
06/24	Check # 26139		200.00		
06/24	Check # 26147		200.00		
06/24	Check # 26155		100.00		
06/24	Check # 26157		200.00		
06/24	Check # 26172		500.00		
06/24	Transfer to Checking ██████████		4,616.58		
06/27	Deposit			\$ 5,891.00	\$32,542.81
06/27	Deposit			10,015.62	
06/27	Deposit			11,206.00	
06/27	Deposit			14,509.00	
06/27	Check # 25650		\$ 6.75		
06/27	Check # 25679		200.00		
06/27	Check # 28030		200.00		
06/27	Check # 28037		200.00		
06/27	Check # 28109		200.00		
06/27	Check # 26136		200.00		
06/27	Check # 26148		200.00		
06/27	Check # 26154		200.00		
06/27	Check # 26170		1,500.00		
06/27	Transfer to Checking ██████████		60,650.47		
06/27	Check Deposit Adjustment		8,900.05		
06/28	Deposit			\$ 10,124.00	\$1,707.16
06/28	Deposit			15,556.00	
06/28	Check # 25999		\$ 376.00		
06/28	Check # 26115		200.00		
06/28	Check # 26118		200.00		
06/28	Check # 26132		200.00		
06/28	Check # 26152		200.00		
06/28	Check # 26158		100.00		
06/28	Check # 26166		2,442.00		
06/28	Check # 26169		469.00		
06/28	Check # 26201		200.00		
06/28	Check # 26217		200.00		
06/28	Check # 26228		200.00		
06/28	Check # 26238		200.00		
06/28	Transfer to Checking ██████████		14,182.27		
06/29	Deposit			\$ 3,610.53	\$8,217.89
06/29	Deposit			5,547.00	
06/29	Check # 26100		\$ 542.86		
06/29	Check # 26162		701.40		
06/29	Check # 26164		665.00		
06/29	Check # 26171		700.00		
06/29	Check # 26167		200.00		
06/29	Check # 26195		400.00		
06/29	Check # 26211		800.00		
06/29	Check # 26214		600.00		
06/29	Check # 26233		200.00		
06/29	Check # 26235		1,411.60		

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JOCKEYS' GUILD INC  
OPERATING ACCOUNT

Statement Period: June 1 through June 30, 2005  
Account Number: ██████████

Account Activity Continued

Date Posted	Description	Reference #	Debits	Credits	Daily Balance
06/29	Check # 26236		1,684.42		
06/29	Check # 26237		5,989.75		
06/29	Transfer to Checking ██████████		6,154.93		
06/30	Deposit			\$ 4,520.00	- \$2,484.54
06/30	Deposit			8,900.05	
06/30	Deposit			12,489.88	
06/30	Deposit			25,672.00	
06/30	Online Banking transfer from Chk 6098 Confirmation# ██████████			20,000.00	
06/30	Check # 25878		\$ 200.00		
06/30	Check # 25963		200.00		
06/30	Check # 26049		200.00		
06/30	Check # 26095		200.00		
06/30	Check # 26098		200.00		
06/30	Check # 26108		200.00		
06/30	Check # 26135		200.00		
06/30	Check # 26145		200.00		
06/30	Check # 26174		200.00		
06/30	Check # 26176		200.00		
06/30	Check # 26177		200.00		
06/30	Check # 26184		200.00		
06/30	Check # 26189		600.00		
06/30	Check # 26193		200.00		
06/30	Check # 26200		200.00		
06/30	Check # 26205		200.00		
06/30	Check # 26206		200.00		
06/30	Check # 26218		200.00		
06/30	Check # 26224		200.00		
06/30	Check # 26234		100.00		
06/30	Transfer to Checking ██████████		21,015.28		\$43,781.91

**Life Insurance Company of North America**  
**1601 Chestnut Street, Philadelphia, Pennsylvania 19192-2235**

**BLANKET ACCIDENT POLICY**


POLICYHOLDER:	Jockeys' Guild, Inc.
POLICY NUMBER:	SPS-933579
POLICY EFFECTIVE DATE:	April 1, 2001
POLICY TERM:	April 1, 2001 - April 1, 2002
STATE OF ISSUE:	Kentucky

This policy takes effect at 12:00 A.M. on the Policy Effective Date shown above. It will remain in effect for the duration of the Policy Term shown above if the premium is paid according to the agreed terms. This Policy terminates at 12:00 A.M., on the last day of the Policy Term unless the Policyholder and We agree to continue coverage under this Policy for an additional Policy Term. If coverage is continued for an additional Policy Term and the required premium is paid on or before the premium due date, We will issue a Rider to identify the new Policy Term.

We and the Policyholder agree to all the terms of this Policy.



Secretary



President

Countersigned \_\_\_\_\_  
Where Required By Law

**THIS IS A BLANKET ACCIDENT INSURANCE POLICY. IT IS A LEGAL CONTRACT BETWEEN LIFE INSURANCE COMPANY OF NORTH AMERICA, A STOCK INSURANCE COMPANY HEREIN CALLED WE, US OR OUR, AND THE POLICYHOLDER. PLEASE READ THIS POLICY CAREFULLY. BENEFITS ARE NOT PAID FOR LOSS DUE TO SICKNESS. THIS POLICY PAYS BENEFITS FOR SPECIFIC LOSSES FROM ACCIDENT ONLY.**

NON-PARTICIPATING

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**SCHEDULE OF BENEFITS**

**SECTION 1**

*This Schedule provides a brief outline of the coverage and benefits provided by this Policy. Please read the Sections specified below for full details.*

**Eligible Persons:**

All members of the Jockeys' Guild, Inc. who are licensed as a jockey or apprentice jockey and pay \$3.00 per mount membership dues.

**CONDITIONS OF COVERAGE:**

Participation at racetracks located in the United States, except for racetracks located in:

- California;
- Delaware, unless the Covered Person has not yet met Delaware's minimum ride requirements;
- Maryland;
- Massachusetts, except for races held at the Three County Fair in Northampton and Brockton Fair;
- New Hampshire;
- New Jersey; and
- New York

**EXPENSE-INCURRED MEDICAL BENEFITS**

*Section 5*

Unless otherwise specified, any deductibles, benefit limits and benefit percentages for Expense-Incurred Medical Benefits apply on a per Covered Person - per Covered Accident basis.

**SCOPE OF COVERAGE APPLICABLE TO**

*Section 5-SOC*

**EXPENSE-INCURRED MEDICAL BENEFITS** Full Excess Medical Expense

**ACCIDENT MEDICAL EXPENSE BENEFIT**

*Section 5-AME*

Total Maximum for all	
Accident Medical Expense Benefits:	\$1,000,000
First Covered Expenses must be Incurred within:	182 days after the Covered Accident
Benefit Period:	5 years from the date of Covered Accident
Deductible:	\$100,000
Deductible Must be Satisfied within:	2 years from the Date of the Accident

Covered Expenses	Benefit Percentage And Other Limits
<b>In-Patient Hospital Services</b>	
Room and Board Expenses:	
Intensive Care Unit:	100%
Private/Semi-Private Room:	100%
Hospital Miscellaneous Expenses:	100%
Emergency Room:	100%
<b>Physician Services</b>	
Surgery:	100%
Assistant Surgeon:	100%
Use of Physician's Surgical Facilities:	100%
Second Opinion or Consultation:	100%
Anesthesia and its Administration:	100%
In-Hospital Visits:	100%
Office Visits:	100%
<b>Out-Patient X-Ray and Laboratory Treatment:</b>	100%

Physiotherapy	100%
Ambulance Services	100%
Medical Equipment Rental	100%
Medical Services and Supplies	100%
Dental Services	100%
Prescription Drugs	100%
Eyeglasses, Contact Lenses and Hearing Aids	100%
Artificial Limbs, Eyes and Larynx	100%

**RATE TABLE**

Premium Rate:	\$969 Per Covered Person
Mode of Premium Payment:	Annually
Contributions:	The cost of the coverage is paid by the Policyholder. Minimum and deposit premiums are fully earned and non-refundable

## GENERAL DEFINITIONS

## SECTION 2

Please note that certain words used in this Policy have specific meanings. The words defined below and capitalized within the text of this Policy have meanings set forth below.

<b>Accident</b>	A sudden, unforeseen, external event that results in Injury to a Covered Person.
<b>Benefit Percentage</b>	The percentage We pay of Covered Expenses Incurred by a Covered Person. Benefit Percentages are shown in the <i>Schedule of Benefits</i> .
<b>Benefit Period</b>	A period, commencing with the date of a Covered Accident, during which Benefits are payable.
<b>Covered Accident</b>	An Accident that: <ol style="list-style-type: none"> <li>1. occurs while the Covered Person is insured under this Policy; and</li> <li>2. occurs while the Covered Person is participating in, attending or performing duties of the Policyholder.</li> </ol>
<b>Covered Activity</b>	An authorized function as shown in the <i>Schedule of Benefits</i> : <ol style="list-style-type: none"> <li>1. in which the Covered Person participates, attends or performs duties.</li> </ol>
<b>Covered Expenses</b>	The Usual and Customary charges for services or supplies listed in the <i>Schedule of Benefits</i> , and described in any <i>Expense-Incurred Medical Benefit Section 5</i> , that the Covered Person Incurs for treatment of Injury. A Physician must recommend and approve these services or supplies.
<b>Covered Person</b>	An Eligible Person, as defined in the <i>Schedule of Benefits</i> , for whom required premium payment has been made and coverage under this Policy remains in force.
<b>Deductible</b>	The amount of Covered Expenses that each Covered Person must incur before benefits are paid under this Policy. A covered Person may use Covered Expenses paid under another Health Care Plan to satisfy the Deductible under this policy.
<b>Health Care Plan</b>	A policy or other benefit or service arrangement for medical or dental care or treatment under: <ol style="list-style-type: none"> <li>1. group or blanket coverage, whether on an insured or self-funded basis;</li> <li>2. hospital or medical service organizations on a group basis;</li> <li>3. Health Maintenance Organizations on a group basis;</li> <li>4. group labor-management plans;</li> <li>5. employee benefit organization plans;</li> <li>6. association plans on a group or franchise basis;</li> <li>7. any other group employee welfare benefit plan as defined in the Employee Retirement Income Security Act of 1974, as amended; or</li> <li>8. Automobile No-Fault Coverage.</li> </ol>
<b>Hospital</b>	An institution that meets all of the following tests: <ol style="list-style-type: none"> <li>1. it is licensed as a hospital pursuant to applicable law;</li> <li>2. it is primarily and continuously engaged in providing medical care and treatment to sick and injured persons;</li> <li>3. it is managed under the supervision of a staff of medical doctors;</li> <li>4. it provides 24-hour nursing services by or under the supervision of a graduate registered nurse (R.N.);</li> <li>5. it has medical, diagnostic and treatment facilities, with major surgical facilities on its premises, or available to it on a prearranged basis; and</li> <li>6. it charges for its services.</li> </ol> <p>The term Hospital does not include a clinic or facility for:</p> <ol style="list-style-type: none"> <li>1. rehabilitation, convalescent, custodial, educational or nursing care; and</li> <li>2. the aged, drug addicts or alcoholics.</li> </ol>



Hospital Stay	A confinement in a Hospital over one or more nights when room and board and general nursing care are provided at a per diem charge made by the Hospital. Separate Hospital Stays due to the same Covered Accident will be treated as one Hospital Stay unless separated by at least 90 days.
Incurred or Incurs	A Covered Expense for treatment service or purchase of supplies will be deemed Incurred on the date the treatment or service is rendered or the purchase is made.
Injury	Any bodily harm that is a direct result of and from no other cause but, a Covered Accident.
Nurse	A licensed graduate registered nurse (R.N.) or a licensed practical nurse (L.P.N.).
Physician	A licensed health care provider practicing within the scope of his or her license and rendering care and treatment to a Covered Person that is appropriate for the condition and locality. The term does not include: <ol style="list-style-type: none"> <li>1. the Covered Person;</li> <li>2. the Covered Person's spouse;</li> <li>3. a parent, sibling, spouse or child of either the Covered Person or Covered Person's spouse;</li> <li>4. a person living in the Covered Person's household;</li> <li>5. a person employed or retained by the Policyholder; or</li> <li>6. a person providing homeopathic, aroma-therapeutic, or herbal therapeutic services.</li> </ol>
Policyholder	The entity, named on this Policy's face page, to which We issue this Policy.
Sound and Natural Tooth	A tooth: <ol style="list-style-type: none"> <li>1. with no fillings or cavities or only fillings or cavities that do not undermine the tooth cusps;</li> <li>2. for which pulpal tissues are healthy and intact; and</li> <li>3. for which periodontal tissue shows little or no signs of active or chronic inflammation.</li> </ol> <p>For insurance review purposes, each tooth unit is evaluated under these criteria rather than a blanket rating of the whole mouth.</p>
Usual and Customary Charge	The normal charge, in the absence of insurance, of the provider for a necessary supply or service, but not more than the prevailing charge in the area: <ol style="list-style-type: none"> <li>1. for a like service by a provider with similar training or experience; or</li> <li>2. for a supply that is identical or substantially equivalent.</li> </ol> <p>Where appropriate, We will determine the Usual and Customary Charge based on the California Relative Value Scale (CRV). The final determination of a Usual and Customary Charge rests solely with Us.</p>

INSURANCE PROVISIONS FOR COVERED PERSONS

SECTION 3

Eligibility For Insurance	A person is eligible for coverage under this Policy when he meets the definition of Eligible Person shown in the <i>Schedule of Benefits</i> . An Eligible Person may be insured under only one class of Eligible Persons in the <i>Schedule of Benefits</i> , even though the person may be eligible under more than one Class.
Effective Date Of Insurance	An Eligible Person is a Covered Person on the latest of: <ol style="list-style-type: none"> <li>1. the Policy Effective Date; and</li> <li>2. the date We receive required premium payment; and</li> <li>3. the date the person is eligible.</li> </ol>

**Termination Of Insurance** Insurance for a Covered Person will end on the earliest of:

1. the date the person is no longer in an Eligible Class; and
2. the date the person enters full time active duty in any Armed Forces. We will refund any premium paid for any active duty when We receive proof of active duty. Active duty does not include Reserve or National Guard duty for training; and
3. the end of the period for which the last premium is made and
4. the date this Policy ends.

Termination does not affect a claim for a covered loss due to a Covered Accident that occurs before the termination date. However, in no instance will benefits extend beyond the earlier of:

1. the end of the Benefit Period; and
2. the date benefits equal to any applicable Benefit Limit, as shown in the *Schedule of Benefits*, have been paid.

**CONDITIONS OF COVERAGE**

**Policyholder Covered Activities** We pay benefits described in this Policy when a Covered Person suffers a Covered Accident during one of the Covered Activities in the *Schedule of Benefits*. Unless otherwise specified, We pay benefits for a Covered Accident only once. This limit applies even if coverage was provided under more than one Covered Activity. Covered Activities are shown in the *Schedule of Benefits*.

*SECTION 4*

The Covered Activity must take place:  
away from the premises of the Policyholder while attending or participating in a Covered Activity at its scheduled site.

**EXPENSE-INCURRED MEDICAL BENEFITS**

*SECTION 5*

**SCOPE OF COVERAGE APPLICABLE TO EXPENSE-INCURRED MEDICAL BENEFITS**

*SECTION 5A*

Covered Expenses and any applicable Deductibles are shown in the *Schedule of Benefits*.

**Full Excess Medical Expense** We pay Covered Expenses:

1. after the Covered Person satisfies any Deductible; and
2. only when they are in excess of amounts paid by any other Health Care Plan.

We pay benefits without regard to any Coordination of Benefits provision in such Health Care Plan.

## ACCIDENT MEDICAL EXPENSE BENEFIT

## SECTION 5B-AME

We pay Accident Medical Expense Benefits for Covered Expenses Incurred by a Covered Person that result directly and from no other cause from a Covered Accident. Accident Medical Expense Benefit payments are subject to any Accident Medical Expense Deductible, Benefit Percentage, Benefit Period, Benefit Limits, Total Maximum for all Accident Medical Expense Benefits and any applicable Policy Aggregate Maximum shown in the *Schedule of Benefits*, and in the Non-Duplication of Benefits provisions in *Limitations Section 8* of this Policy.

Benefits will be paid:

1. as long as the first expense has been incurred within the number of days specified in the *Schedule of Benefits*; and
2. until any applicable Benefit Period shown in the *Schedule of Benefits* has expired.

## COVERED EXPENSES:

In-Patient Hospital Services	<p><b>Room and Board Expenses</b> - We pay for:</p> <ol style="list-style-type: none"> <li>1. confinement in an intensive care unit for each day of such confinement.</li> <li>2. any other confinement for each day of the Hospital Stay</li> </ol> <p><del>Miscellaneous Expenses. - We pay the Miscellaneous Expenses charged by a Hospital or ambulatory surgical center for outpatient surgery. Miscellaneous Expenses include, but are not limited to, X-ray, laboratory, in-hospital physiotherapy, nursing services and all necessary charges other than room and board, for services received during a Hospital Stay.</del></p> <p><b>Emergency Room</b> - We pay Covered Expenses Incurred for emergency room treatment performed in a Hospital.</p>
Physician Services	<p>We pay Covered Expenses Incurred for the Physician Services listed below.</p> <p><b>Surgery</b> -</p> <ol style="list-style-type: none"> <li>1. Covered Expenses charged for performing a surgical procedure. Two or more surgical procedures through the same incision will be considered as one procedure. However, We pay up to 150% of the benefit for a surgical procedure when more than one surgical procedure through different operating fields is performed during the same surgical session; and</li> <li>2. Covered Expenses charged by an assistant surgeon assisting a Physician performing a surgical procedure.</li> </ol> <p><b>Use of Physician's Surgical Facilities</b> - Covered Expenses charged for the use of the Physician's surgical facilities.</p> <p><b>Second Opinion or Consultation</b> - Covered Expenses charged by a Physician for a second surgical opinion, or consultation.</p> <p><b>Anesthesia and its Administration</b> - Covered Expenses charged by a Physician for anesthesia and its administration.</p> <p><b>In-Hospital or Office Visits</b> - Covered Expenses charged by a Physician for other than pre- or post-operative care, second opinion or consultation:</p> <ol style="list-style-type: none"> <li>1. for in-Hospital visits; and</li> <li>2. for office visits.</li> </ol>
Out-Patient X-Ray And Laboratory Treatment	We pay Covered Expenses Incurred for X-ray and laboratory tests, except dental X-rays.
Physiotherapy	We pay Covered Expenses Incurred for out-patient Physiotherapy. Physiotherapy means: (a) acupuncture; (b) microtherapy; (c) adjustment; (d) manipulation; (e) diathermy; (f) massage therapy; (g) heat treatment; and (h) ultrasonic treatment.
Ambulance Services	We pay Covered Expenses Incurred for ground or air ambulance service to transport the Covered Person from the place where the Covered Accident occurred to the nearest medically appropriate facility.

Medical Equipment Rental	We pay Covered Expenses incurred for rental or, if less, the purchase of: <ol style="list-style-type: none"> <li>1. a wheelchair; or</li> <li>2. other medical equipment that has therapeutic value for the Covered Person and that can only be used by the Covered Person. Therapeutic value is solely determined by Us. Examples of items that are not covered include, but are not limited to: computers, motor vehicles and modifications thereof, ramps and installation costs, eyeglasses and hearing aids.</li> </ol>
Medical Services And Supplies	We pay Covered Expenses Incurred for: <ol style="list-style-type: none"> <li>1. blood and blood transfusions; and</li> <li>2. oxygen and its administration.</li> </ol> <p>We do not pay for storage of blood for any reason.</p>
Dental Services	We pay Covered Expenses Incurred for dental treatment, including X-rays, for injury to a tooth that was a Sound and Natural Tooth at the time of Injury. Covered Expenses must be incurred within six months of a Covered Accident. If there is more than one way to treat a dental problem, We pay based on the least expensive procedure if that procedure meets commonly accepted dental standards of the American Dental Association.
Prescription Drugs	We pay Covered Expenses Incurred for drugs that can only be obtained through a Physician's prescription.
Eyeglasses, Contact Lenses And Hearing Aids	When damage occurs in the same Covered Accident that requires medical treatment, We pay Covered Expenses incurred for: <ol style="list-style-type: none"> <li>1. eyeglasses and contact lenses; or</li> <li>2. hearing aids.</li> </ol>
Artificial Limbs, Eyes And Larynx	We pay Covered Expenses Incurred for initial artificial limbs, eyes or larynx, including fitting. We do not pay for repair or replacement of artificial limbs, eyes or larynx.
Expenses Not Covered	The following will not be considered Covered Expenses unless coverage is specifically provided. Additional Exclusions and Limitations that apply to this Benefit are in <i>Common Exclusions Section 7</i> , and <i>Limitations Section 8</i> . <ol style="list-style-type: none"> <li>1. Cosmetic surgery, except for reconstructive surgery needed as the result of an Injury.</li> <li>2. Any elective treatment, surgery, health treatment, or examination.</li> <li>3. Blood, blood plasma, or blood storage, except expenses by a Hospital for processing or administration of blood.</li> <li>4. Services or treatment provided by persons who do not normally charge for their services, unless there is a legal obligation to pay.</li> <li>5. Rest cures or custodial care.</li> <li>6. Repair or replacement of existing dentures, partial dentures, braces or bridgework.</li> <li>7. Personal services such as television and telephone or transportation.</li> <li>8. Orthopedic appliances used mainly to protect an Injury so that a Covered Person can take part in interscholastic, intercollegiate and club sports.</li> <li>9. Treatment or service provided by a private duty nurse.</li> <li>10. Replacement of artificial limbs, eyes and larynx.</li> <li>11. Expenses payable by any automobile insurance policy without regard to fault. (This exclusion does not apply in any state where prohibited.)</li> </ol>

## COMMON EXCLUSIONS

## SECTION 7

Benefits will not be paid for any loss caused by or resulting from any of the following (unless coverage is specifically provided in the benefits described in *Expense Incurred Medical Benefits Section 5*. Any additional exclusions applicable to these benefits are also described in *Expense Incurred Medical Benefits Section 5*.

1. any Injury caused by or resulting from:
  - a. intentionally self-inflicted Injury, suicide or any attempt thereof while sane or insane;
  - b. commission or attempt to commit a felony or an assault;
  - c. participation in a riot or insurrection;
  - d. bungi-cord jumping, parachuting, skydiving, parasailing, hang-gliding;

- e. declared or undeclared war or act of war;
  - f. flight in, boarding or alighting from:
    - i. an Aircraft, except as a fare-paying passenger on a regularly scheduled commercial airline;
    - ii. an Aircraft flown by the Covered Person or in which the Covered Person is a member of the crew;
  - g. travel in or on any off-road motorized vehicle not requiring licensing as a motor vehicle;
  - h. travel or activity outside the United States or Canada;
  - i. an Accident if the Covered Person is the operator of a motor vehicle and does not possess a valid motor vehicle operator's license, except while participating in Driver's Education Program; and
  - j. the Covered Person being legally Intoxicated as determined according to the laws of the jurisdiction in which the Injury occurred.
2. Sickness, disease, bodily or mental infirmity, except for any infection resulting from an accidental cut or wound or diagnostic tests or treatment, or ingestion of contaminated food.
  3. Voluntary ingestion of any narcotic, drug, poison, gas or fumes, unless prescribed or taken under the direction of a Physician.
- We do not pay benefits for services or treatment rendered by a Physician, Nurse or any other person who is:
1. employed or retained by the Policyholder; or
  2. who is a Covered Person or an Immediate Family Member. Immediate Family Member means the mother, father, sister, brother, husband, wife and children of the Covered Person.

**LIMITATIONS****SECTION 8****Non-Duplication of Benefits When This Policy and Other Plans Are Excess**

This provision applies if benefits under any other Health Care Plan are covered under this Policy, and coverage under this Policy and the other Plan are excess.

We pay a pro rata share of the total amount of Covered Expenses. In no case will the total benefits payable exceed 100% of the Covered Expenses.

Pro rata share means the portion of the total benefits payable under one plan, in the absence of other insurance, relative to the total benefits payable under all such plans.

**CLAIM PROVISIONS****SECTION 9****Claim Forms**

We send forms for filing proof of loss when We receive the notice of claim. If claim forms are not sent within 15 days after We receive notice, the proof requirements will be met by submitting, within the time required under "Proof of Loss" Section 9, satisfactory proof of the nature and extent of the loss.

**Conditional Claim Payment**

If a Covered Person incurs expenses for Injuries received in a Covered Accident and in Our opinion a third party may be liable, We pay benefits if:

1. the Covered Person first agrees in writing to refund the lesser of:
  - a. the amount We actually paid for such expenses; and
  - b. the amount actually received from the third party regardless of whether the amount is for such expenses; and
2. the third party's liability is determined and satisfied whether by settlement, judgment, arbitration or otherwise. However, if the third party's liability is satisfied in an amount less than the benefits paid under this Policy, We pay the difference.

**Legal Actions**

No action at law or in equity will be brought to recover benefits under this Policy less than 60 days after satisfactory proof of loss has been furnished as required by this Policy. No such action will be brought more than 3 years after the time satisfactory proof of loss is required to be furnished.

**Notice of Claim**

Satisfactory notice must be given to Us or Our agent within 31 days after a Covered Accident occurs or begins or when reasonably possible, but in no case any longer than 15 months after the date of loss. Notice can be given at Our home office at Philadelphia, Pennsylvania or to Our agent. Notice should include the Policyholder's name and policy number and the Covered Person's name and address.

<b>Physical Examination and Autopsy</b>	We pay the cost and have the right to have the Covered Person examined as often as reasonably necessary while the claim is pending. We can have an autopsy performed at Our expense unless prohibited by law.
<b>Proof of Loss</b>	Satisfactory proof of loss must be given to Us within 90 days after the date of the loss for which a claim is made. If satisfactory proof of loss is not given at that time, the claim will not be invalidated or reduced if it is shown that it was given when reasonably possible. In any case, satisfactory proof must be given not more than a year after the time it is otherwise required, except if proof is not given solely due to the lack of legal capacity.
<b>Time of Payment</b>	We will pay any benefits due under this Policy for a loss immediately upon receipt of satisfactory proof of such loss.
<b>To Whom Payable</b>	<p>Death proceeds are paid to any beneficiary named in Our records, at the time of payment. Any other benefits are paid to the Covered Person, unless otherwise specified in this Policy. If there is no named beneficiary or surviving beneficiary, or if a Covered Person does not live to receive benefits otherwise payable to him, We pay benefits to the first surviving class of the following:</p> <ol style="list-style-type: none"> <li>1. spouse;</li> <li>2. child or children (For purposes of this provision, child/children means natural, adopted and step-children of the Covered Person);</li> <li>3. mother or father; and</li> <li>4. the estate of the Covered Person.</li> </ol> <p>If We are to pay benefits to a person who is incapable of giving a valid release, We may pay up to \$1,000 to a relative by blood or marriage whom We believe is equitably entitled. We may, at Our option, pay any medical expense benefits directly to a health care provider, unless the Covered Person requests in writing when submitting the claim that such payment will not be made.</p> <p>Any good faith payment satisfies Our legal duty to the extent of that payment. Any other accrued benefits that are unpaid at the Covered Person's death may, at Our option, be paid either to the Covered Person's beneficiary or estate. We may reduce the amount paid by any indebtedness due.</p> <p>The Covered Person may change the beneficiary at any time by giving Us written notice. The beneficiary's consent is not required to assign the Covered Person's rights or benefits, or for any change that the Covered Person may make unless the designation of beneficiary is irrevocable. No change in the beneficiary will take effect until We have received the form. When We receive the form, it will take effect as of the date of the form. If the Covered Person dies before We receive the form, We will not be liable for any payment that was made before receipt of the form.</p>

**ADMINISTRATIVE PROVISIONS**

**SECTION 10**

<b>Cancellation</b>	We or the Policyholder may cancel this Policy after the first year as of any Premium Due Date by giving the other party 31 days advance written notice. If a premium is not paid when due, We will cancel this Policy at the end of the last period for which premium was paid.
<b>Premiums</b>	The premiums for this Policy will be based on the rates set forth in the <i>Table of Rates</i> , the plan and amounts of insurance in effect for Covered Persons.
<b>Premium Payment</b>	The total premium paid by the Policyholder will be the sum of premiums for all Covered Persons. The premium will be due on the Policy Effective Date and at the beginning of the succeeding Policy Term identified by Rider attached to this Policy unless the Policyholder and We agree to another method of premium payment. Premiums are paid at Our home office or to Our authorized agent.

<b>Premium Rate Changes</b>	<p>The premium will not change during the Policy Term unless one of the following events takes place:</p> <ol style="list-style-type: none"> <li>1. the terms of this Policy change;</li> <li>2. an eligible class is added or deleted from this Policy;</li> <li>3. there is a change bearing on the risk assumed; or</li> <li>4. any federal or state law or regulation is enacted, adopted or amended to the extent it affects Our benefit obligations under this Policy.</li> </ol> <p>Any increase or decrease in rates will take effect as of the date of the applicable change in 1 through 4 above.</p> <p>We may change the premium rates anytime after the first Policy Term with at least 31 days advance written notice of a change in the premium rate. A pro rata adjustment will apply from the date of the change to the end of the term.</p>
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**GENERAL PROVISIONS****SECTION 11**

<b>Assignment</b>	<p>We will not be affected by any assignment of a Covered Person's insurance under this Policy until the original assignment or a certified copy is filed with Us. We assume no responsibility for the validity or effect of any assignment.</p> <p>This insurance may not be levied on, attached, garnished, or otherwise taken for a person's debts unless contrary to law.</p>
<b>Clerical Error</b>	<p>A person's coverage will not be affected by error or delay in keeping records of insurance under this Policy. If such error or delay is found, We will adjust the premium fairly.</p>
<b>Conformity with State Statutes</b>	<p>Any provision in this Policy on its Effective Date that is in conflict with the laws of the state where this Policy is delivered, is amended to conform to the minimum requirements of such laws.</p>
<b>Entire Contract</b>	<p>The following items constitute the entire contract between the parties:</p> <ol style="list-style-type: none"> <li>1. this Policy;</li> <li>2. any endorsements, riders and attached papers;</li> <li>3. the application of the Policyholder; and</li> <li>4. any required enrollment form of any Covered Person.</li> </ol> <p>If an enrollment form of any Covered Person is required, it may also be made a part of this Policy at Our option.</p>
<b>Incontestability</b>	<p>All statements made by the Policyholder, or by a Covered Person are deemed representations and not warranties. No such statement will cause Us to deny or reduce benefits or be used as a defense to a claim, unless a copy of the instrument containing the statement is, or has been, furnished to such person. In case of the death or incapacity of the Covered Person such statement will be furnished to the Covered Person's beneficiary or representative.</p> <p>After two years from the Covered Person's effective date of coverage, or from the effective date of any added or increased benefits, no such statement will cause coverage to be contested except for fraud or eligibility for coverage.</p>
<b>Misstatement of Age</b>	<p>If a Covered Person's age has been misstated, We adjust all benefits to the amounts that would have been purchased at the correct age.</p>
<b>Policy Changes</b>	<p>No change in this Policy will be valid until approved by one of Our executive officers and endorsed on or attached to this Policy.</p>

**Records**

The Policyholder will maintain the records of the Covered Person's insurance under this Policy. We will be permitted to examine the Policyholder's records relating to the insurance under this Policy at any reasonable time. The Policyholder is acting as an agent of the Insured for transactions relating to this insurance. The actions of the Policyholder will not be considered the actions of the Insurance Company.

**Workers' Compensation Insurance**

This Policy is not in place of and does not affect any requirements for coverage under any Workers' Compensation Insurance.





29 March 2002

Tim Smith, Commissioner & CEO  
National Thoroughbred Racing Association  
2525 Harrodsburg Road  
Lexington, KY 45544

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Dear Tim:

The Jockeys' Guild has been actively pursuing a solution to the horse racing industry's incomplete, inadequate, and inconsistent insurance coverage for jockeys. Our brokers at Marsh and Jennings have developed a national worker's compensation program for all jockeys. Recently, we all have witnessed a massive escalation of premiums in workers compensation rates. Experts forecast the same danger for racetracks across the country in today's volatile insurance world. Our brokers suggest as part of the proposal that the industry pool the insured risk into a single policy. Pooling on a national basis allows the risk to be spread over a larger population, thus significantly reducing the per person costs.

On April 1, 2002 at 12:01 a.m. the Jockeys' Guild Excess On-Track Accident Medical Insurance policy will expire. The Guild paid a premium of \$443,384 for that policy in 2001. The policy was purchased at the time because the Guild's health insurance coverage was being terminated for most members. The Guild can not afford to pay this premium for the next twelve months. The Guild is probably not the appropriate party to be providing occupational accident coverage.

We believe that there is an urgency to address the insurance coverage for jockeys and to develop a long-term solution. We are willing to work on this matter with you at your earliest convenience.

Sincerely

Albert Fiss, Vice President  
Jockeys' Guild Inc.

Cc: Jim McAlpine, Magna Entertainment  
Thomas Meeker, Churchill Downs  
General Managers of all US Racetracks

*The*  
**UNION LABOR LIFE INSURANCE COMPANY**  
 Incorporated Under the Laws of the State of Maryland  
 WASHINGTON, D.C.

Home Office: 111 Massachusetts Ave., N.W., Washington, D.C. 20001

**A GROUP INSURANCE POLICY**

between

**THE UNION LABOR LIFE INSURANCE COMPANY (the Company)**

and

**JOCKEYS' GUILD, INC. (the Policyholder)**

Policy Number C-4186

Policy Effective Date April 1, 1997 at 12:01 a.m. local time at the head office address of the Policyholder.

Premium Due Date The first premium is due on or before the Policy Effective Date. Subsequent premiums are due on the 1st day of each calendar month thereafter.

Type of Coverage Participating Group Health Insurance: Non-Contributory

State of Issue This Policy is issued in the state of New York and is governed by its laws. If any part(s) of this Policy is contrary to such laws, that part(s) is hereby amended to conform to such laws.

This Policy is issued in consideration of the Policyholder's Application and payment of the first premium. The Company agrees to pay the benefits provided by the terms of this Policy for Members of the Policyholder who are:

1. insured under this Policy, including any extensions of benefits, on the date an eligible expense is incurred; and
2. entitled to such benefits by the terms and conditions of this Policy.

The terms and conditions set forth by the Company on the following or attached pages are part of this Policy as fully as if stated over the signatures below.

**NOTICE: THIS POLICY DOES NOT MEET THE REQUIREMENTS OF A LIFE CARE CONTRACT. AVAILABILITY OF THIS COVERAGE WILL NOT QUALIFY A RESIDENTIAL FACILITY AS A LIFE CARE COMMUNITY.**

Signed and sealed at Washington, D.C.

*Robert A. Grogan*  
 Chairman and Chief Executive Officer

10462H

Countersigned By SIGNATURE NOT REQUIRED  
 Licensed Resident Agent (where required by law)

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**SECTION 1 - SCHEDULE OF BENEFITS**

**PERSONS AND DEPENDENTS RESIDING IN THE PPO SERVICE AREA**

THE AMOUNT OF INSURANCE OF ANY PERSON OR HIS OR HER DEPENDENT SHALL BE BASED UPON THE FOLLOWING:

FORMS OF INSURANCE

AMOUNT OF INSURANCE  
PERSONS AND DEPENDENTS

Employees of the Policyholder, permanently disabled members and retired board members have a \$250 Deductible.

BENEFITS	PPO PROVIDER	NON-PPO PROVIDER
<p><b>COMPREHENSIVE HEALTH BENEFIT</b></p> <p><b>Deductible (per calendar year)</b></p> <p>Persons riding 0-400 mounts</p> <p>Persons riding 401 or more mounts</p> <p><b>Coinsurance Rate</b></p> <p><b>Inpatient Hospital</b></p>	<p>\$500 single or family Deductible</p> <p>\$250 single or family Deductible</p> <p>100% of PPO Allowance, except for Inpatient surgery, Inpatient Mental Illness, and Inpatient Chemical Dependency.</p> <p>Paid at 100% of PPO Allowance. Deductible waived.</p>	<p>\$500 single or family Deductible</p> <p>\$250 single or family Deductible</p> <p>80% of Reasonable and Customary charges, after Deductible, except for Inpatient Mental Illness and Inpatient Chemical Dependency.</p> <p>Paid at 80% of Reasonable and Customary charges after the Deductible and after the Covered Person has paid \$1,000 in Covered Medical Expenses for Inpatient Hospital charges during a calendar year; 100% thereafter during the remainder of that calendar year.</p>

BENEFITS	PPO PROVIDER	NON-PPO PROVIDER
<b>Inpatient Surgery</b>	Paid at 80% of PPO Allowance. Deductible applies to Covered Persons with a \$500 Deductible.	Paid at 80% of Reasonable and Customary charges, after the Deductible.
<b>Outpatient Surgery</b>	Paid at 100% of PPO Allowance. Deductible waived.	Paid at 100% after Deductible for Covered Persons with a \$250 Deductible. Paid at 80% for Covered Persons with a \$500 Deductible.
<b>Doctors Office Visits (including specialists)</b>	Paid at 100% of PPO Allowance, after a \$15 Copayment, per office visit, Deductible waived.	Paid at 80% of Reasonable and Customary charges, after the Deductible.
<b>Pap Smear</b>	Paid at 100% of PPO Allowance, after a \$15 Copayment, per visit. Deductible waived.	Paid at 80% of Reasonable and Customary charges, after the Deductible.
<b>Mammography</b>	Paid at 100% of PPO Allowance, after a \$15 Copayment, per visit. Deductible waived.	Paid at 80% of Reasonable and Customary charges, after the Deductible
<b>Spinal Manipulation</b>	Paid at 100% of PPO Allowance, after a \$15 Copayment, per visit. Deductible waived.	Paid at 80% of Reasonable and Customary charges, after the Deductible.
<b>Child Health Supervision</b> Preventive and primary care services for children from birth through age 18.	Paid at 100% of PPO Allowance, after a \$15 Copayment, per visit. Deductible waived.	Paid at 100% of Reasonable and Customary charges, Deductible waived.
<b>Routine Physical Exams</b> (one examination per 24 months)	Paid at 100% of PPO Allowance, after a \$15 Copayment. Deductible waived.	Not Covered
<b>Immunizations</b>	Paid at 100% of PPO Allowance, after a \$15 Copayment, per visit. Deductible waived.	Not Covered

BENEFITS	PPO PROVIDER	NON-PPO PROVIDER
Maternity	Paid at 100% of PPO Allowance, confinement for normal pregnancy limited to four days.	Paid at 80% of Reasonable and Customary charges, after Deductible, confinement for normal pregnancy limited to four days.
Doctor Neonatal (inpatient services)	Paid at 100% of PPO Allowance. Deductible waived.	Paid at 80% of Reasonable and Customary charges, after Deductible.
Emergency Medical Treatment Due to Injury or Illness	Paid at 100% of PPO Allowance. Deductible waived.	Paid at 80% of Reasonable and Customary charges, after Deductible.
Ambulance Services	Paid at 100% of PPO Allowance. Deductible waived.	Paid at 80% of Reasonable and Customary charges, after Deductible (up to 100 miles).
Chemotherapy, Radiation Therapy, Physical Therapy and Dialysis Treatment	Paid at 100% of PPO Allowance. Deductible waived.	Paid at 80% of Reasonable and Customary charges, after Deductible.
Home Health Care Services	Paid at 100% of PPO Allowance, up to 100 visits, per 12 consecutive months. Deductible waived.	Paid at 100% of Reasonable and Customary charges, up to 100 visits, per 12 consecutive months. Deductible waived.
Mental Illness Inpatient	Paid at 90% of PPO Allowance, after Deductible.	Paid at 70% of Reasonable and Customary charges, after Deductible.
Inpatient Maximum	30 days per calendar year.	30 days per calendar year.



BENEFITS	PPO PROVIDER	NON-PPO PROVIDER
<b>Mental Illness (Continued)</b>		
Outpatient	Paid at 100% of PPO Allowance, after a \$25 Copayment, per visit. Deductible waived.	Paid at 80% of Reasonable and Customary charges, after Deductible, \$30 per visit.
Outpatient Maximum	30 visits per calendar year.	30 visits per calendar year to \$1,500.
Emergency Outpatient	3 visits per calendar year. (Benefits provided for emergency Outpatient charges will reduce the 30 visits per calendar year Outpatient maximum.)	\$60 per visit for up to 3 visits per calendar year. (Benefits provided for emergency Outpatient charges will reduce the 30 visits and \$1,500 per calendar year maximum.)
<b>Chemical Dependency Inpatient</b>	Paid at 90% of PPO Allowance, after Deductible.	Paid at 70% of Reasonable and Customary charges, after Deductible.
Inpatient Maximum Detoxification Rehabilitation	7 days per calendar year 30 days per calendar year	7 days per calendar year 30 days per calendar year
Per calendar year Maximum Benefit*	\$20,000. \$30,000.	\$20,000. \$30,000.
*Maximum Benefit is only payable for expenses incurred while the Covered Person is eligible for coverage and while the Policy is in force.		
Outpatient	Paid at 100% of PPO Allowance, after a \$25 Copayment, per visit. Deductible waived.	Paid at 80% of Reasonable and Customary charges, after Deductible.
Outpatient Maximum	60 visits per calendar year (20 of such visits available for family counseling).	60 visits per calendar year (20 of such visits available for family counseling).

BENEFITS	PPO PROVIDER	NON-PPO PROVIDER
<b>Coinsurance Rate for all other Covered Medical Expenses</b> <i>(After Deductible is met)</i>	80% up to the Coinsurance Limit; 100% thereafter for the remainder of the calendar year.	80% up to the Coinsurance Limit; 100% thereafter for the remainder of the calendar year.
<b>Coinsurance Limit</b>	\$ 5,000.	\$ 5,000.
<b>Out-of-pocket limit</b> <i>(excluding Deductible)</i>	\$ 1,000.	\$ 1,000.
<b>Lifetime Maximum per Covered Person</b> (combined PPO and Non-PPO Covered Medical Expenses)	\$1,000,000.	\$1,000,000.

**SECTION 1A - SCHEDULE OF BENEFITS**

**PERSONS AND DEPENDENTS NOT RESIDING IN THE PPO SERVICE AREA**

Employees of the Policyholder, permanently disabled members and retired board members have a \$250 Deductible.

**FORMS OF INSURANCE**

**AMOUNT OF INSURANCE  
PERSONS AND DEPENDENTS**

**COMPREHENSIVE HEALTH BENEFIT**

**Deductible (per calendar year)**

----- Persons riding 0-400 mounts  
Persons riding 401 or more mounts

\$500 single or family deductible  
\$250 single or family deductible

**Coinsurance Rate (after Deductible, where applicable)**

**Inpatient Hospital**  
Covered Persons with a \$250 Deductible

100% of Reasonable and Customary charges, not subject to the Deductible.

Covered Persons with a \$500 Deductible

80% of Reasonable and Customary charges after Deductible, and after the Covered Person has paid \$1,000 in Covered Medical Expenses for Inpatient Hospital charges during a calendar year; 100% thereafter for the remainder of that calendar year.

**Child Health Supervision**

100% of Reasonable and Customary charges, not subject to the Deductible.

**Outpatient Therapy for Radiation, Chemotherapy and Dialysis Treatment**

100% of Reasonable and Customary charges, not subject to the Deductible.

**Ambulatory Surgical Center**

100% of Reasonable and Customary charges, not subject to the Deductible.

**FORMS OF INSURANCE****AMOUNT OF INSURANCE  
PERSONS AND DEPENDENTS****COMPREHENSIVE HEALTH BENEFIT (Continued)**

<b>Emergency Medical Treatment due to Injury</b>	100% of Reasonable and Customary charges, not subject to the Deductible if Treatment is rendered within 24 hours.
	80% of Reasonable and Customary charges, not subject to the Deductible if Treatment is rendered after 24 hours.
<b>Emergency Medical Treatment due to Illness</b>	100% of Reasonable and Customary charges, not subject to the Deductible if Treatment is rendered within 72 hours.
	80% of Reasonable and Customary charges, not subject to the Deductible if Treatment is rendered after 72 hours.
<b>Hospice Care</b>	
100% of Reasonable and Customary charges after the Deductible, with the following maximums:	
By a Hospital or Home Health Agency	100 visits per 12 consecutive months.
By a licensed social worker	\$50 per visit, for not more than one visit per week.
For professional services for rendering emotional support	\$50 per visit
For special services	\$25 per day and up to a \$100 maximum.
For professional services for counseling all family members combined	\$50 per visit for not more than 6 visits in the 12-month period after the terminally ill patient's death.
<b>Home Health Care</b>	80% of Reasonable and Customary charges after a \$50 Deductible, up to 100 visits at \$50 per visit.

**FORMS OF INSURANCE****AMOUNT OF INSURANCE  
PERSONS AND DEPENDENTS****COMPREHENSIVE HEALTH BENEFIT (Continued)**

<b>Private Duty Nursing</b>	80% of Reasonable and Customary charges after the Deductible for the first 60 shifts after a Hospital confinement and 50% thereafter, (one 8-hour shift per nurse per 24-hour period). Limited to a \$5,000 maximum amount per calendar year, (other than Hospice Care services by a Private Duty Nurse).
<b>Secondary Surgical Procedure</b>	50% of Reasonable and Customary charges after the Deductible.
<b>Mental Illness</b>	
<b>Inpatient</b>	80% of Reasonable and Customary charges after the Deductible.
<b>Inpatient Maximum</b>	30 days per calendar year.
<b>Outpatient</b>	80% of Reasonable and Customary charges after the Deductible. \$30.00 per visit.
<b>Outpatient Maximum</b>	30 visits per calendar year to \$1,500.
<b>Emergency Outpatient</b>	\$60 per visit for up to 3 visits per calendar year. (Benefits provided for emergency Outpatient charges will reduce the 30 days and \$1,500 per calendar year maximum.)
<b>Chemical Dependency</b>	
<b>Inpatient</b>	80% of Reasonable and Customary charges after the Deductible.
<b>Inpatient Maximum</b>	
<b>Detoxification</b>	7 days per calendar year.
<b>Rehabilitation</b>	30 days per calendar year.

FORMS OF INSURANCEAMOUNT OF INSURANCE  
PERSONS AND DEPENDENTS

## COMPREHENSIVE HEALTH BENEFIT (Continued)

Chemical Dependency (Continued)	
Per calendar year	\$20,000.
Maximum Benefit*	\$30,000.
* The Maximum Benefit is only payable for expenses incurred while the Covered Person is eligible for coverage and while the Policy is in force.	
Outpatient Maximum	60 visits per calendar year (20 visits available for family counseling).
Maternity	80% of Reasonable and Customary charges after the Deductible. Confinement for normal pregnancy limited to four days.
Coinsurance Rate for all other Covered Medical Expenses (After Deductible is met)	80% up to the Coinsurance Limit; 100% thereafter for the remainder of the calendar year.
Coinsurance Limit	\$ 5,000.
Out-of-pocket limit (excluding Deductible)	\$ 1,000.
Lifetime Maximum per Covered Person	\$1,000,000.

Both Schedules contain only a brief summary of the time and dollar limits under this Policy. Additional limits apply to benefits. For complete details, please read the benefit descriptions that follow carefully.

## SECTION 2 - DEFINITIONS

Defined terms are shown in this Policy with an initial capital letter. The following meanings will apply to these terms when used in this Policy, unless otherwise defined where such term is used.

**Ambulatory Surgical Center**

A licensed institution whose primary purpose is the performance of surgery, if such institution has:

1. permanent facilities and all equipment necessary for surgery;
2. a staff of one or more Doctors;
3. a medical staff for patient care, if such staff includes registered professional nurses; and
4. a contract with a Hospital for immediate acceptance of patients who require post-operative confinement. Ambulatory Surgical Center does not include a private office or clinic of one or more Doctors.

**Board Certified Doctor**

A Doctor who is certified by one of the member boards of the American Board of Medical Specialties in the field of medicine that is concerned with the medical condition involved.

**Certified Social Worker**

An individual performing within the lawful scope of his or her practice, who has:

1. 6 or more years post degree experience in psychotherapy under supervision providing services for Treatment of mental illness. Such supervision must be satisfactory to the New York State Board for Social Work in a facility licensed or incorporated by an appropriate governmental department, providing services for diagnosis or treatment of mental, nervous or emotional disorders or ailments;
2. 6 or more years post degree experience in psychotherapy under the supervision, satisfactory to the New York State Board for Social Work, of:
  - a. a psychiatrist, or a certified and registered psychologist; or
  - b. a social worker qualified for reimbursement; or
3. a combination of the experience specified in 1. and 2. above which totals 6 years; such experience must be satisfactory to the State Board for Social Work.

**Claim Administrator**

The entity assigned to pay claims in accordance with the terms and conditions of this Policy. The Claims Administrator may be the Company, the Policyholder, or a third party with whom the Company or the Policyholder has a valid contract to pay claims.

**Company**

The Union Labor Life Insurance Company, 111 Massachusetts Ave., N.W., Washington, D.C. 20001.

**Cosmetic**

Surgery or other Treatment performed primarily to alter and reshape normal body structures in order to improve a Covered Person's looks.

**Covered Facility**

A Hospital, or any other facility specifically covered under the terms of this Policy.

**Covered Medical Expense**

The Reasonable and Customary charge for the Treatments which are Medically Necessary. A charge is deemed incurred on the date the Treatment is provided.

**Covered Person**

A Person or his or her Dependent who is insured under this Policy.

**Custodial Care**

Care, including confinement, that is given due to a Covered Person's age or mental or physical condition:

1. when there is no active plan of Treatment to improve a Covered Person's physical, functional or mental condition; or
2. when there is an active plan of Treatment, but the Covered Person has attained his or her maximum level of physical, functional or mental ability, and the active plan of Treatment cannot reasonably be expected to significantly improve the Covered Person's condition.

Custodial Care includes, but is not limited to, care given primarily to help the Covered Person in the activities of a normal daily life, such as:

1. helping to wash, bathe, move around, exercise or dress;
2. feeding, including tube or gastrostomy feeding, or preparing meals or special diets;
3. administering an enema; or supervising medication which can usually be self-administered; or



4. acting as a companion or sitter.

The Company reserves the right to review care provided and/or Treatment plans.

The Company may rely on its medical review department and/or an independent medical reviewer to determine if care, including confinement, is Custodial Care. The determination that care and/or confinement is Custodial Care in no way implies that the care or confinement is not required by the Covered Person; it only means that there are no benefits for such care or confinement under this Policy.

#### **Dependent**

A Dependent spouse or child of a Person, who is eligible for insurance under this Policy, as determined under *Section 3B, Dependents To Be Insured*.

#### **Doctor**

An individual licensed as a Doctor of Medicine (M.D.) or Doctor of Osteopathy (D.O.).

The term "Doctor" shall also include a licensed:

1. dentist; optometrist; podiatrist; psychologist; registered clinical psychologist; psychiatrist; chiropractor; licensed or certified physiotherapist; a licensed audiologist or speech pathologist; and
2. a Christian Science Practitioner, currently listed and certified by the First Church of Christ, Scientist, of Boston, Massachusetts, while such practitioner provides in-person Treatment.

Additionally, the term "Doctor" shall also include any licensed or certified health care provider as required by state law, for services which are:

1. within the scope of the health care provider's license or certificate; and
2. a covered expense.

"Doctor" does not include the Covered Person or his or her parent; guardian; spouse; brother; sister; natural, step, adopted or foster child; grandparent; in-law; or a person residing in the Covered Person's household.

#### **Experimental or Investigational**

Any service, procedure, supply, equipment, device, or Treatment, which is not generally accepted by the medical profession or which is listed as experimental, under investigation, or limited to research:

1. by the federal Food and Drug Administration (FDA); the American Medical Association (AMA); Diagnostic and Therapeutic Technology Assessment (DATTA); or the Office of Medical Application of Research of the National Institute of Health Office of Technology Association (OMT); or

2. if a Treatment has not been addressed by one of the organizations listed in 1. above, the Company has the right to determine if a Treatment is appropriate based on the advice of its medical review department and/or an independent medical reviewer and other medical experts.

However, a drug prescribed for the Treatment of a certain type of cancer will not be excluded on the basis that such drug has not been approved by the federal Food and Drug Administration (FDA). Provided, however, that such drug must be recognized for Treatment of the specific type of cancer for which the drug has been prescribed in one of the following established reference compendia:

1. the American Medical Association Drug Evaluations;
2. the American Hospital Formulary Service Drug Information;
3. the United States Pharmacopeia Drug Information; or
4. recommended by review article or editorial comment in a major peer reviewed professional journal.

No coverage will be provided for any experimental or investigational drugs or any drug which the FDA has determined to be contraindicated for Treatment of the specific type of cancer for which the drug has been prescribed.

#### Hospital

A facility, or part of a facility, that is operating as a short-term, acute general Hospital, and which:

1. is primarily engaged in providing, by or under the continuous supervision of Doctors, to Inpatients, diagnostic services and therapeutic services for diagnosis, Treatment and care of injured or sick persons;
2. has organized departments of medicine and major surgery;
3. has a requirement that every patient must be under the care of a Doctor or a dentist;
4. provides 24-hour nursing service by or under the supervision of a registered professional nurse (R.N.);
5. if located in New York State, has in effect a hospitalization review plan applicable to all patients which meets at least the standards set forth in Section 186(k) of United States Public Law 89-97 (42 USCA 1395x(k));
6. is duly licensed by the agency responsible for licensing such Hospitals; and
7. is not, other than incidentally, a place of rest, a place primarily for the Treatment of tuberculosis, a place for the aged, a place for drug addicts, alcoholics, or a place for convalescent, custodial, educational, or rehabilitatory care; or
8. has a Christian Science sanatorium currently operated, or currently listed and certified, by the First Church of Christ, Scientist of Boston, Massachusetts.

**Illness**

A disorder or disease of the body or mind. Illness shall include pregnancy, childbirth and related medical conditions.

**Injury**

Bodily harm that is not the result of disease.

**Inpatient**

Treatment provided while an individual is confined as a bed patient in a Covered Facility.

**Medical Expense Benefits**

All benefits under this Policy.

**Medically Necessary/Medical Necessity**

The Company will determine if Treatment is Medically Necessary. To be considered Medically Necessary, the Treatment must be ordered by a Doctor to diagnose or treat an Injury or Illness and be:

1. generally recognized in the Doctor's profession as effective and essential to the Treatment of the Injury or Illness for which it is ordered; and
2. appropriate for the symptoms and consistent with the diagnosis; and
3. the appropriate level of care, and which:
  - a. is provided in the most appropriate setting, based on the diagnosis and condition; and
  - b. could not have been omitted without an adverse effect on the Covered Person's condition or the quality of medical care; and
4. based on generally recognized and accepted standards of medical practice in the United States; and
5. not considered experimental, investigatory, or primarily limited to research in its application to the Injury or Illness; and
6. not primarily for scholastic, educational, vocational or developmental training; and
7. not primarily for the comfort, convenience or administrative ease of the Doctor or other health care provider, or the Covered Person or his or her family or care taker; and

8. not Custodial Care.

**The Company reserves the right to review medical care and/or Treatment plans.**

**The Company may rely on its medical review department and/or an independent medical reviewer to determine if Treatment is Medically Necessary. The fact that a Doctor may order Treatment does not, of itself, make it Medically Necessary, or make the expense a Covered Medical Expense.**

**Medicare**

Title XVIII of the Social Security Act of 1965 as amended.

**Nursing Home**

A licensed institution or a section of a Hospital, primarily engaged in providing convalescent services for sick or injured Inpatients, and which has: (a) continuous nursing service under the full-time supervision of a Doctor or a registered professional nurse; (b) the services of a Doctor available under an established agreement; and (c) clinical records for all patients. Nursing Home does not include a rest home or a place for care of the aged, alcoholics or drug addicts.

**Officer of the Company**

The President, a Vice President, the Secretary or Assistant Secretary of the Company.

**Outpatient**

Treatment that is provided when the individual is not confined as a bed patient in a Covered Facility. This will include Outpatient Treatment at a Covered Facility as well as visits to a Doctor or other covered health care provider.

**Person**

An employee who is in a *Class of Eligible Persons* for insurance under this Policy, as determined under *Section 3A, Persons To Be Insured*.

**Policy**

The contract, the application, and any subsequent amendment that the Company issues to the Policyholder.

**Policy Year**

The 12 month period starting April 1 of one year, and ending March 31 of the next year.

**Private Duty Nurse**

A registered professional nurse or graduate nurse ("R.N."), or a licensed practical nurse ("L.P.N.") or a nurse, currently listed and certified by the First Church of Christ, Scientist, of Boston, Massachusetts, providing in-person services. Private Duty Nurse does not include the Covered Person or his or her parents, guardian, spouse, brother, sister, child, grandparent, in-law or a person residing in the Covered Person's household.

**Reasonable and Customary**

A charge for Treatment which is the lesser of the following:

1. ~~the usual charge made by the provider for that Treatment; or~~
2. the prevailing charge made by other providers of similar professional standing within the same or a similar geographic area for that Treatment.

If the usual or prevailing charge cannot be determined, the Company will determine what is a reasonable charge, taking into account:

1. any unusual complications of the Injury or Illness;
2. the complexity and degree of professional skill required; and
3. other pertinent factors.

**The fact that a Treatment is determined to be Medically Necessary does not, of itself, mean that the charge will be determined to be Reasonable and Customary.**

**Treatment**

A Treatment or course of Treatment which is ordered and/or provided by a Doctor to diagnose or treat an Injury or Illness, including:

1. confinement and Inpatient or Outpatient services or procedures; and
2. drugs, supplies, equipment, or devices.

**The fact that a Treatment was ordered or provided by a Doctor does not, of itself, mean that the Treatment will be determined to be Medically Necessary.**

**SECTION 3A - PERSONS TO BE INSURED**

**Classes of Eligible Persons**

The following classes of Persons are eligible for insurance under this Policy:

A Person means a Full-Time employee of the Policyholder, if such Person is in one of the following classes:

- Class 1 - A Person who:
- a. is not a resident of an Excluded State; and
  - b. is not eligible to become insured under this Policy for Transfer Insurance.
- Class 2 - A Person who has Transfer Insurance.

*Definitions*

"Excluded State" means Vermont and anywhere else except the remaining 49 states of the United States of America, the District of Columbia or Puerto Rico.

"Full-Time" means the active performance for pay or profit of the regular duties of one's normal occupation at a place where such duties are normally performed or other location which travel is required.

"Transfer Insurance" means the Person's insurance or Person's and Dependent's insurance in force under the previous policy.

**When a Person First Becomes Eligible**

A Person, who is in a Class of Eligible Persons on or after the Policy Effective Date, will be eligible for the insurance provided by this Policy on the later of:

1. the Policy Effective Date; or
2. the first day of the calendar month on or after the Company approves such insurance.

Eligibility is based upon the Person's number of mounts during the previous December 1 through November 30, as set forth by the Policyholder.

For initial insurance or reinstatement of insurance to take effect, the Person must give the Policyholder a completed, written request for the insurance on a form satisfactory to the Company, as required. A written request for Transfer Insurance must be given within 31 days after the Insurance Date. ("Insurance Date" means the date that initial or reinstated insurance takes effect as follows: the first day of the month on or after the date the Company approves such insurance.) A written request for reinstatement must be given within three months after the date active duty in the armed forces ended. Refer to the provision titled *Reinstatement of Insurance* in this Section of this Policy.

**Effective Date of a Person's Insurance**

A Full-Time employee will become insured on the date he or she first becomes eligible.

**When a Person's Insurance Terminates**

Except as provided for extended benefits, a Person's insurance under this Policy will terminate upon the earliest of:

1. the date this Policy terminates;
2. the date the Person is no longer in a Class of Eligible Persons under this Policy;
3. the date premium payments on behalf of the Person cease;
4. the date the Person fails to pay the required premium, if any, when due; or
5. the date the Person enters into full-time active duty with the armed forces of any country.

Upon termination, a Person may be entitled to pay the premium and continue his or her insurance under this Policy. Refer to *Continuation of Coverage Upon Termination* in this Section of this Policy.

**Reinstatement of Insurance**

1. If a Person's insurance terminates because he or she enters into full-time active duty with the armed forces of any country, it will be reinstated provided the Person submits a written request for reinstatement within three months after the date he or she was discharged from active duty.
2. If a Person's insurance terminates for any other reason, he or she may again become eligible for the insurance by satisfying the requirement for eligibility as a new employee under the provision *When a Person First Becomes Eligible* in this Section.

All Lifetime Maximum Benefits shown on the *Schedule of Benefits* will apply to each Covered Person while he or she is insured under this Policy at any time. If there is a break in insurance, only the portion of any Lifetime Maximum Benefit remaining on the date of termination will be reinstated when insurance resumes.

If insurance resumes within the same calendar year that it terminated, credit will be given for any portion of the Deductible or Coinsurance Limit met prior to such termination.

**SECTION 3B - DEPENDENTS TO BE INSURED**

**Eligible Dependents**

Dependents, of Persons in Class 1, who are eligible for insurance under this Policy shall be a Person's:

1. lawful spouse identified on the request for insurance, not a resident of an Excluded State, and not eligible to become insured under this Policy for Transfer Insurance as a Dependent, eligible for Dependent insurance based upon the Person's number of mounts during the previous December 1 through November 30; and
2. unmarried child who is under age 19, not a resident of an Excluded State, except that this requirement does not apply if the Person has Dependent insurance in force for children, and not eligible to become insured under the Policy for Transfer Insurance as a Dependent; eligible for such insurance based upon the Person's number of mounts during the previous December 1 through November 30; and
3. unmarried child who is chiefly dependent upon the Person for support and maintenance and is attending an accredited school as a full-time student. Such child will be considered an Eligible Dependent under this Policy until the earliest of:
  - a. the date the child marries;
  - b. the date the child ceases to be a full-time student; or
  - c. the date the child attains age 23.

As used in this Policy, "child" means the Person's natural child. The term child shall also include:

1. an adopted child; and a prospective adopted child who is dependent upon the Person for support and maintenance during any waiting period prior to the finalization of the child's adoption; and
2. a step-child or foster child, if such child is chiefly dependent upon the Person for support and maintenance.

Dependents, of Persons in Class 2, who are eligible for insurance under this Policy shall be a Person's:

1. lawful spouse identified on the request for insurance; and
2. unmarried child who is less than the limiting age, stated above, on the Transfer date; and

who was insured as a Dependent under the prior Policy and for whom the Person has Transfer Insurance.

"Transfer Date" means, for each eligible Person with Transfer Insurance, April 1, 1997.



*Hanaicappea Child Provision*

A Dependent child, whose insurance under this Policy would otherwise terminate solely due to attainment of the limiting age, will continue to be considered an Eligible Dependent while he or she is and remains:

1. chiefly dependent upon the Person for support and maintenance; and
2. incapable of self-sustaining employment by reason of mental illness, developmental disability, mental retardation, as defined in the Mental Hygiene Law, or physical handicap;

provided:

1. ~~the child became so incapable prior to attainment of the limiting age; and~~
2. written evidence of the incapacity is sent to the Company within 31 days after attainment of the limiting age; and
3. proof that the child continues to be dependent and incapable is sent to the Company from time to time at its request, but not more frequently than once a year after 2 years from the date the child attained the limiting age stated above; and
4. the Person remains covered under this Policy and the Dependent remains in such condition.

*Dependents Who are Persons*

A Dependent who is eligible for benefits as a Person under this Policy shall not be considered an Eligible Dependent under this Policy.

If both parents of a Dependent child are eligible Persons, such child will be considered an eligible Dependent of only one parent.

**Effective Date of a Dependent's Insurance**

A Dependent shall become insured on the date the Person becomes insured. If a Person acquires a Dependent after that date, such Dependent will become insured on the date he or she is eligible as provided under *Eligible Dependents* in this Section.

*Exception*

A Dependent, other than a newborn child, who is in the Hospital on the date he or she would otherwise become insured under this Policy will not become insured until he or she is finally discharged from the Hospital.

*Newborn Child*

A newborn child will be insured from the date of birth. A newly born adopted child will be insured from the moment of birth, if:

1. the child is adopted by the Person; or
2. the Person takes physical custody of the child upon such child's release from the Hospital, and:
  - a. the Person files a petition pursuant to the date of adoptive placement to Section 115-c of the Domestic Relations Law within 30 days of birth;
  - ~~b. no notice of revocation to the adoption has been filed pursuant to Section 115-b of the Domestic Relations Law; and~~
  - c. consent to the adoption has not been revoked.

Benefits will be paid for Treatment of Injury or Illness. Covered expenses will include the necessary care of medically diagnosed congenital defects and birth abnormalities, including premature birth, except in cases of adoption, coverage for the initial Hospital stay will not be required where a natural parent has insurance coverage available for the child's care.

**When a Dependent's Insurance Terminates**

Unless otherwise stated, a Dependent's insurance under this Policy will terminate upon the earliest of:

1. the date this Policy terminates;
2. the date the Person's insurance terminates;
3. the date this Policy is amended to terminate insurance for the class to which the Dependent belongs;
4. the date the Dependent is no longer eligible as provided under *Eligible Dependents*, in this Section; or
5. the date the Dependent enters into full-time active duty with the Armed Forces of any country.

Upon termination, a Dependent may be entitled to pay the premium and continue his or her insurance under this Policy. Refer to *Continuation of Coverage Upon Termination* in this Section.

**SECTION 4 - CONTINUATION OF COVERAGE UPON TERMINATION  
AS REQUIRED BY THE  
CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT (COBRA)**

**(This provision applies to Medical Benefits)**

The following continuation rights are designed to comply with both:

1. the state's requirements for continuation upon a Person's involuntary termination, upon a Dependent's ineligibility as a Dependent under the terms of this Policy or upon the Person's Medicare eligibility; and
2. the requirements for continuation as required by the Consolidated Omnibus Budget Reconciliation Act (COBRA).

If a Covered Person's insurance would otherwise terminate due to a qualifying event, he or she may elect to pay the premium and continue his or her Medical Expense Benefits under this Policy.

The insurance that is continued will be the same insurance that would apply to a Covered Person who is in the same class and not on continuation, subject to the terms and conditions for continuation described in this provision.

The Policyholder may designate the Company or another entity to administer this provision. A Covered Person will be advised who to contact in the event he or she qualifies for continuation.

**Continuation Rights for Persons and Dependents Upon a Person's Qualifying Event**

If a Person's insurance terminates due to a qualifying event, he or she is entitled to continue insurance under this Policy for up to 18 months, including coverage for his or her eligible Dependents, provided the Person is not entitled to benefits under Medicare. With respect to a Person, a "qualifying event" occurs when insurance under this Policy would terminate due to the following:

1. termination of employment, other than for gross misconduct;
2. termination of membership in an Eligible Class for coverage under this Policy; or
3. a reduction in the hours the Person works; or
4. termination or substantial reduction of a retired Person's coverage within one year before or after the Employer files bankruptcy proceedings under Title 11 of the United States Bankruptcy Code.

Each of the Person's eligible Dependents has the right to elect or decline continued coverage as a result of the Person's qualifying event.

*Extension For Person or Dependent Due to Disability*

If Social Security, under its rules, determines that a Person or Dependent was disabled at the time of the Person's qualifying event, the maximum period of continuation for such a qualifying event may be extended from 18 to 29 months. The extended continuation period is only available to a Person or Dependent who meets the following:

1. he or she was disabled on the date of the Person's qualifying event; and
2. notice is given to the Policyholder or its designee of Social Security's determination:
  - a. within 60 days of the determination; and
  - b. before the initial 18 month continuation period ends.

In no event will the continuation period be extended for disability beyond the earliest of:

1. the last day of the month that begins more than 31 days after Social Security determines that the Person or Dependent is no longer disabled. The Person or Dependent must notify the Policyholder or its designee within 31 days of the date of such a Social Security determination;
2. the date continued insurance would end for any reason other than the end of the 18 month continuation period; or
3. the end of 29 months following the date of the Person's qualifying event.

*Dependent Continuation Period Upon Person's Entitlement to Medicare*

If the Person's qualifying event occurred after the date the Person became entitled to Medicare benefits, the maximum continuation period with respect to an eligible Dependent will be the later of:

1. the end of the 18 month continuation period; or
2. the end of a 36 month period from the date the Person became entitled to Medicare benefits.

**Continuation Rights for Dependents Upon a Dependent's Qualifying Event**

If a Dependent's insurance terminates due to a qualifying event, such Dependent is entitled to elect to continue insurance under this Policy for up to 36 months, provided the Dependent is not entitled to benefits under Medicare. With respect to a Dependent, a "qualifying event" occurs when insurance under this Policy would terminate due to:

1. the Person's death;

2. the Person and Dependent spouse becoming divorced or legally separated;
3. the Person's entitlement to benefits under Medicare; or
4. a child no longer qualifying as a Dependent under this Policy as determined under Section 3B, *Dependents To Be Insured*.

However, if a Dependent is already on continuation of insurance as a result of the Person's qualifying event, and a second qualifying event occurs with respect to the Dependent, such Dependent may continue insurance up to a maximum of 36 months from the date of the Person's qualifying event.

**Notice Requirements**

*By Policyholder*

The Policyholder or its designee must notify each Person and Dependent of his or her right to continue insurance under this Policy. Such notice must be given within 14 days after the Policyholder or its designee receives notice, or becomes aware, that a Person or Dependent is entitled to continue insurance under this provision. Unless the Company has been designated by the Policyholder to administer these requirements, the Company shall have no obligation to provide this Notice.

*By the Person or Dependent*

The Person or Dependent must notify the Policyholder of the following Dependent qualifying events, within 60 days after the date it occurs, in order to be eligible for continued insurance:

1. divorce or legal separation; or
2. a dependent child no longer qualifying as a Dependent under this Policy.

A written request for continuation must be made within 60 days of the later of:

1. the date of the qualifying event; or
2. the date on which the Policyholder or its designee gave the Person or Dependent notice of this right to continue insurance.

**Premium Payment**

The monthly premium rate for continued insurance will be stated on the Notice.

The initial premium must be paid to the Policyholder or its designee within 45 days (60 days for New York Residents) of the date the election to continue insurance is made. Each subsequent monthly premium must be paid by the Person or Dependent to the Policyholder or its designee within 30 days of the premium due date.

**Termination of Continued Insurance**

Insurance will be continued on a month-to-month basis until the earliest of:

1. the end of the maximum continuation period stated above for a qualifying event, including an extension for disability;
2. the date the Person or Dependent becomes entitled to benefits under Medicare;
3. the last day of the month for which premiums were paid to the Company in the event of non-payment of premium;
4. the date the Person or Dependent first becomes, after the date of election, covered under any other group health plan (as an employee or otherwise) which does not exclude or limit any preexisting condition of the Person or Dependent; or
5. the date this Policy terminates.

**Conversion Rights**

At the end of the continuation period, a Person or Dependent will be entitled to the same conversion rights that applied to such Person or Dependent on the date of his or her qualifying event.

**SECTION 5 - PREFERRED PROVIDER ORGANIZATION (PPO) OPTION**

The Company has contracted with one or more PPO Corporations to make available a group of Preferred Providers to provide health care services to the Person and his or her eligible Dependents in the network area.

**Definitions**

A "Preferred Provider" means a provider of health care services that holds a valid contract with the PPO Corporation to provide health care services in the network area. A Preferred Provider may be a Doctor or other facility of health care services. The Company will maintain a current list of the Preferred Providers in the network area.

A "Non-Preferred Provider" means a provider of health care services that is not a Preferred Provider, but whose charges are covered expenses under this Policy.

**Freedom of Choice of Provider**

A Covered Person will be given a current list of the Preferred Providers in his or her network area, which will be updated at least annually. A Covered Person is not required to go to a Preferred Provider. At the time of service, the Covered Person may obtain care or Treatment from a Preferred Provider or a Non-Preferred Provider. However, to maximize the benefit reimbursement level under this Policy, a Preferred Provider must be used.

**Benefits of Using a PPO Provider**

If a Covered Person uses the services of a Preferred Provider, benefits will generally be reimbursed at a higher level, as shown on the *Schedule of Benefits*.

*Note: A Covered Person must present his or her PPO Identification Card to the Preferred Provider at each visit to assure that the Preferred Provider is aware that the individual is covered under this provision.*

**SECTION 6 - COMPREHENSIVE HEALTH BENEFIT**

Benefits will be paid for Covered Medical Expenses incurred by a Covered Person while insured for this benefit as the result of an Injury or Illness, except as provided under the *Extension of Benefits* provision in this Section. Payment is subject to all the terms and conditions of this Policy.

**Determination of Benefit**

All Covered Medical Expenses are subject to the Deductible, Copayment, Coinsurance Rate and Lifetime Maximum Benefit as shown on the *Schedule of Benefits*. Any applicable Deductible will be subtracted from Covered Medical Expenses before a benefit is paid. The benefit to be paid is then determined by multiplying the Coinsurance Rate by the remaining amount of Covered Medical Expenses.

**Deductible**

"Deductible" means the amount of Covered Medical Expenses incurred for which no benefit is paid under this Policy. The Deductible will apply each calendar year to each Covered Person, except as provided under the *Three Month Carry-Over* or *Family Deductible* provisions below.

***Three Month Carry-Over***

Covered Medical Expenses incurred during the last 3 months of a calendar year, which are applied to that year's Deductible, will also be applied to the next year's Deductible.

***Family Limit***

On the date that members of a Family have collectively satisfied the dollar amount shown in the *Schedule of Benefits* during a calendar year, no further Deductible will apply to that Family for charges incurred during the rest of that calendar year. "Family" means an insured Person, and the individuals insured as his or her Dependents under this Policy.

**Copayment**

The Copayment shown on the *Schedule of Benefits* is the amount of money that each Covered Person must pay for certain Covered Medical Expenses under the Preferred Provider option.

**Coinsurance Rate**

The Coinsurance Rate shown on the *Schedule of Benefits* is the percent of Covered Medical Expenses payable under this Policy.

**Coinsurance Limit**

When a Covered Person has incurred Covered Medical Expenses which equal the out-of-pocket amount, on the *Schedule of Benefits*, in a calendar year, the Coinsurance Rate will be increased to 100% for that Covered Person for the remainder of that calendar year.



**Lifetime Maximum Benefit**

This Comprehensive Health Benefit only provides reimbursement for expenses incurred while an individual is insured under this benefit, except as provided under the Extension of Benefits for Total Disability provision.

The Lifetime Maximum Benefit shown on the *Schedule of Benefits* will apply to each Covered Person while he or she is insured under this Policy at any time. If there is a break in insurance, only the portion of any Lifetime Maximum Benefit remaining on the date of termination of insurance will be reinstated when insurance resumes.

**Covered Medical Expenses**

Covered Medical Expenses are charges incurred by a Covered Person for the following expenses, except as excluded under *Exclusions* in this benefit:

1. charges made by a Doctor, practicing within the scope of his or her license, for Treatment, surgery, and medical care;
2. charges made by the following licensed or certified health care providers for medical care within the scope of their license or certificate:
  - a. certified nurse practitioner;
  - b. licensed registered professional nurse;
  - c. licensed or certified midwife, or nurse midwife;
3. charges made by a licensed or certified physical therapist or occupational therapist for medical care;
4. charges made by a Private Duty Nurse, if such service is prescribed by the attending Doctor, and such service excludes all domestic activities;
5. charges made by an Ambulatory Surgical Center;
6. charges made by a facility, or portion of a facility, which is licensed and operating as an acute care or general Hospital. Covered Medical Expenses shall include charges for Treatment as an Inpatient or Outpatient. Inpatient daily room and board charges, consisting of bed and board, including general nursing care and special diets, are limited to:
  - a. the Hospital's average semiprivate room rate for other than intensive, coronary or similar care;
  - b. the Hospital's average semiprivate room rate for the area, if the Hospital consists of only private rooms, 80% of its minimum daily rate for private accommodations will be considered its regular daily semiprivate room rate;

- c. the Hospital's average private room rate if the care requires a private room; or
  - d. the Reasonable and Customary charge for intensive, coronary, or other similar care;
7. charges made by a facility licensed by the state to provide Emergency Medical Treatment, including surgery, on an Inpatient or Outpatient basis. "Emergency Medical Treatment" means the Treatment of a sudden, unexpected onset of a medical condition of such nature that failure to render immediate care could reasonably result in:
- a. placing the Covered Person's life in danger; or
  - b. causing serious impairment of bodily functions.

Coverage will be provided if Treatment is provided in a facility licensed by the state to provide Emergency Medical Treatment, including surgery, on an Inpatient or Outpatient basis. Benefits will be paid as shown on the *Schedule of Benefits*;

8. charges by a licensed or certified speech therapist, but only for care for restoring speech loss or correction of:
- a. an impairment due to or related to an Injury or Illness, if speech was normal before such Injury or Illness and such Injury or Illness is not a functional nervous disorder; or
  - b. a congenital malformation for which corrective surgery has been performed;
9. charges incurred for dental care, but only if such charge is for:
- a. Treatment of a disease or injury of any of the following: jaw; facial bones; teeth or gums; if the service is (i) performed by a Doctor; (ii) not for periodontal disease; and (iii) not performed in connection with the extraction of teeth for the fitting of dentures;
  - b. removal of a cyst, leukoplakia or malignant tissue;
  - c. correction of a harelip, cleft palate, or protruding mandible;
  - d. freeing of a muscle attachment; or
  - e. Treatment of a natural tooth injured in an accident, if (i) the accident occurs and the Treatment is rendered while the patient is insured under this Policy; (ii) the Treatment is begun within 90 days after the accident; and (iii) the charges for such Treatment are incurred within one year after such accident;
10. charges incurred for foot care, but only if such charge is for:
- a. an open cutting operation of metatarsalgia or bunion;

- b. a partial or complete removal of a nail root;
  - c. medical care of the feet, if it is not for: (i) Treatment of weak, strained or flat feet; or instability or imbalance of the feet; (ii) Treatment of any metatarsalgia or bunion; or (iii) orthopedic shoes and any other supportive device; or
  - d. other Treatment of the feet, if it is not a cutting, removal or other Treatment of a: corn; callus; or toenail; unless such Treatment is needed because of diabetes or other similar disease;
11. charges made by a Doctor, certified diabetes nurse educator, certified nutritionist, certified dietitian or registered dietitian for diabetes self-management education and diabetic diet education which has been prescribed by a Doctor;
  12. charges made by a Board Certified Doctor's opinion evaluating the need for non-emergency surgery. If this second opinion does not confirm the need for surgery, charges for a third opinion will also be covered;
  13. charges for transportation of a Covered Person by a local ambulance service to the nearest Hospital for the Treatment of an Injury or Illness. Local ambulance service does not include a service by a railroad, ship, helicopter, airline or other common carrier;
  14. charges for diagnostic x-ray and laboratory services;
  15. charges for x-ray, radium or radioactive isotope therapy; charges for cancer chemotherapy;
  16. charges for the administration or dialysis of blood or blood components. Charges for the cost of whole blood or blood components, if the blood is not replaced;
  17. charges for anesthetics and their administration under the direction of a Doctor;
  18. charges for drugs and medicines, which require the written prescription of a Doctor. The Covered Person must pay the full discounted amount for the prescription, then submit a claim to Health Benefits System for reimbursement;
  19. charges for oxygen and the rental of equipment for its administration;
  20. charges for the rental of Durable Medical Equipment, but not to exceed the purchase price. At the Company's option, and on a basis determined by the Company, purchase may be made. "Durable Medical Equipment" means equipment or FDA approved medical devices that are Medically Necessary to aid in a Covered Person's recovery, mobility and/or the support of life. Such Durable Medical Equipment must:
    - a. be prescribed by the attending Doctor;

- b. be designed for prolonged use;
  - c. not be primarily used for non-medical purposes; and
  - d. not be specifically excluded by this Policy;
21. charges for the purchase of casts, splints, trusses, braces, or crutches;
  22. charges for non-dental prosthetic devices such as artificial limbs or eyes, or other prosthetic appliances. Replacement of such devices will be covered only if required by a change in the Covered Person's physical structure;
  23. ~~charges for expenses for maternity care will be provided on the same basis as any other illness, if the pregnancy commenced while the Covered Person was covered under this Policy. However, coverage for Covered Hospital expenses will be paid up to 4 days of Hospital confinement;~~
  24. charges incurred for diagnosis and Treatment of correctable medical conditions which would otherwise be covered under this Policy solely because the medical condition results in infertility;
  25. charges incurred for the Treatment of temporomandibular joint dysfunction syndrome (TMJ), or any other Treatment of the face, neck, or head are covered on the same basis as any other Treatment of the skeletal system, if the procedure is Medically Necessary to treat a condition caused by congenital deformity, Injury or Illness. However, charges for intraoral prosthetic devices are excluded;
  26. charges incurred for mammography screening for a Covered Person who does not have symptoms of cancer will be considered Medically Necessary. Benefits will be paid for one or more examinations, per calendar year;
  27. charges incurred for a cervical cytology screening (pap smear) for a woman who does not have symptoms of cancer will be considered Medically Necessary. Benefits will be paid for one or more pap smears, per calendar year;
  28. charges incurred for prenatal care and postnatal care Treatment;
  29. charges incurred for preventive and primary care services for a Dependent child of a Person from the date of birth through the attainment of 19 years of age. Such coverage will consist of the following services:
    - a. an initial Hospital check-up and well-child visits scheduled in accordance with the prevailing clinical standards of a national association of pediatric Doctors designated by the Commissioner of Health;
    - b. such coverage will be provided only to the extent that such services are provided by or under the supervision of:
      - (1) a Doctor, or in a Doctor's office; or

- (2) an other professional licensed under Article 139 of Education Law whose scope of practice includes the authority to provide the specified services provided in a Hospital, or in such professional's office;
- c. at each visit, services in accordance with the prevailing clinical standards of such designated association, including:
  - (1) a medical history;
  - (2) a complete physical examination;
  - (3) developmental assessment;
  - (4) anticipatory guidance;
  - (5) appropriate immunizations and laboratory tests which tests are ordered at the time of the visit and performed in the practitioner's office, as authorized by law, or in a clinical laboratory; and
- d. necessary immunizations as determined by the Superintendent in consultation with the Commissioner of Health consisting of at least adequate dosages of vaccine against diphtheria, pertussis, tetanus, polio, measles, rubella, mumps, hemophilus influenza type b and hepatitis b which meet the standards approved by the United States Public Health Service for such biological products.

Coverage will not be subject to the calendar year deductible or Coinsurance Limit shown on the *Schedule of Benefits*;

- 30. charges for Home Health Care visits, by a Hospital or Home Health Agency, if the visits follow a Hospital or Nursing Home stay, and: (i) the Covered Person's Doctor certifies that home health care is necessary to treat the Injury or Illness which caused the stay; and (ii) the visits begin within 14 days after such stay. However, the 14-day requirement will be waived if the Covered Person's Doctor certifies that home health care is in lieu of a stay. Up to four consecutive hours of home health care services rendered by a provider of home health care will be considered one visit.

"Home Health Agency" means an agency: (a) primarily engaged in providing home nursing care and other therapeutic services for persons who suffer from an Injury or Illness; and (b) which either qualifies for payment under Medicare or is established and operated under applicable state law;

- 31. charges incurred for Hospice care as Medically Necessary expenses, as follows:
  - a. an Inpatient charge made by a Hospice during a benefit period of 31 days and each additional 31-day period which: (i) a Terminally Ill Patient's Doctor certifies is necessary and (ii) the Company approves;
  - b. by a Hospital or Home Health Agency for home health care furnished to a Terminally Ill Patient under the direction of a Hospice, including Custodial Care if it is given during a regular visit by a Private Duty Nurse or a home health aide;

- c. by a Private Duty Nurse, if the Doctor or the Hospice certifies that nursing care is necessary;
- d. for the following medical supplies: (i) drugs and medicines prescribed or ordered by a Terminally Ill Patient's Doctor for symptom control, and for their administration; or (ii) the rental of durable equipment of a medical or surgical nature which is used solely for treating a Terminally Ill Patient's Injury or Illness; or
- e. for the following other Hospice care services:
  - (1) by a licensed social worker, including: (i) an evaluation of the social, psychological and family problems related to the Terminally Ill Patient's Injury or Illness; and/or (ii) the development of a plan to assist in resolving these problems, using community resources when possible;
  - (2) for professional services for rendering emotional support to the Terminally Ill Patient, including help to: relieve stress; cope with impending loss; complete unfinished business; and/or maintain the patient in the most appropriate environment;
  - (3) incurred for special services rendered in connection with the Terminally Ill Patient's Injury or Illness, including transportation between the Hospice and the patient's home and special dietary services; or
  - (4) for professional services for family counseling after the death of the Terminally Ill Patient.

"Hospice" means a facility providing a coordinated program of home and Inpatient care for Terminally Ill Patient. To qualify, the Hospice must meet the standards of the National Hospice Organization and the applicable state licensing requirements.

"Terminally Ill Patient" means a Covered Person who has a life expectancy of six months or less. This must be certified in writing by the Covered Person's Doctor. If the Covered Person lives more than six months, the Company may still consider such Covered Person a Terminally Ill Patient, if his or her Doctor again certifies a life expectancy of six months or less;

- 32. charges incurred for Treatment of Mental Illness will be paid on the same basis as any other Illness, subject to the limitations shown on the *Schedule of Benefits*.

Inpatient Treatment may be provided by: (i) a Doctor; (ii) a licensed psychiatrist or licensed psychologist; or (iii) a Certified Social Worker.

Outpatient Treatment may be provided by: (i) a Psychiatric Residential Treatment Center; (ii) a licensed psychiatrist or psychologist; (iii) a professional corporation; (iv) a Certified Social Worker.

Emergency Outpatient Treatment will be covered if such Treatment is certified by a licensed mental health care provider whose services are covered under this Policy that a visit is the result of a psychiatric emergency.

Benefits incurred for Emergency Outpatient Treatment services will reduce the benefits payable for Inpatient and Outpatient Treatment, as shown on the *Schedule of Benefits*.

"Mental Illness" means any condition, regardless of the underlying cause of such condition, which is classified as a mental, nervous or emotional disorder in the American Psychiatric Association Diagnostic and Statistical Manual of Mental Disorders. Mental Illness does not include mental retardation.

"Psychiatric Residential Treatment Center" means a facility accredited by the Joint Commission of Hospitals for the therapeutic care and Treatment of Mental Illness;

33. charges incurred for Inpatient and Outpatient Treatment of Chemical Dependency will be paid on the same basis as any other Illness, subject to the limitations shown on the *Schedule of Benefits*:

Expenses incurred by a Chemical Dependency Treatment Facility for Treatment of Chemical Dependency will be a Covered Medical Expense. Benefits will be payable for services provided in the residential Treatment of Chemical Dependency for:

- a. room and board furnished to a Covered Person who is treated on a resident basis;
- b. medical, nursing and dietary services;
- c. patient diagnostic assessment and Treatment;
- d. individual, group and family counseling; and
- e. educational support services.

"Chemical Dependency" means, the abuse of or psychological or physical dependency on or addiction to alcohol or a controlled substance. For purposes of this definition, "controlled substance" means a toxic inhalant, a volatile chemical, abusable glue or aerosol paint, or a substance designated as or considered a controlled substance under applicable federal, state or local authority.

"Chemical Dependency Treatment Facility" means, a Treatment center which provides coordinated Inpatient and Outpatient Treatment of Chemical Dependency by trained medical personnel and counselors pursuant to a written Treatment plan approved and monitored by a Doctor. The facility must also be: (i) affiliated with a Hospital under a contractual agreement with an established system for patient referral; (ii) accredited as such a facility by the Joint Commission on Accreditation of Hospitals; (iii) licensed, certified, or approved as a Chemical Dependency Treatment program or center by any federal, state or municipal agency having legal authority to so license, certify, or approve;

34. charges for Cosmetic surgery and the related medical care, but only if the charge is for:
- a. an Injury sustained by a Covered Person in an accident, if: (i) the accident occurs and the Cosmetic surgery is performed, whether or not the surgery is performed for emotional or psychiatric reasons, while the patient is insured under this Policy; and (ii) the Cosmetic surgery is begun within 90 days after the accident; or

- b. a congenital anomaly of a child if the child became insured under this Policy at birth.

Any other Treatment, including hair restoration, if the primary purpose of the Treatment is to improve appearance is not covered;

- 35. charges incurred for correction by manual or mechanical means of structural imbalance, or subluxation in the human body for purposes of removing nerve interference and the effects thereof, where such interference is the result of or related to distortion, misalignment or subluxation of, or in, the vertebral column. Benefits will be paid for spinal manipulation as shown on the *Schedule of Benefits*;
- 36. charges incurred for routine physical exams will be considered *Medically Necessary* and will be paid as shown on the *Schedule of Benefits*;
- 37. charges incurred for immunizations will be considered *Medically Necessary* and will be paid as shown on the *Schedule of Benefits*;
- 38. charges incurred for a *Secondary Surgical Procedure*. Benefits will be paid as shown on the *Schedule of Benefits*.

"Secondary Surgical Procedure" means a surgical procedure(s) performed during the same operative session as primary procedure, if:

- a. the secondary procedure is to correct a separate pathological condition;
  - b. the pathological condition would have required surgical intervention had an incision not already been present; and
  - c. the degree of difficulty, operating time and risk were significantly increased by the secondary procedure; and
- 39. charges for speech-language or audiology services provided by, and within the lawful scope of practice of:
    - a. a licensed speech-language pathologist; or
    - b. a licensed audiologist.

Coverage will include one test or evaluation during the calendar year, if such test or evaluation is:

- a. ordered by a Doctor as *Medically Necessary*; and
- b. provided:
  - (1) in a Hospital;



- (2) a Doctor's office; or
- (3) in a Covered Person's home when such service is provided as part of a home health care agency's services.

However, no coverage will be provided for any test, evaluation, or diagnosis required by a medical order or similar or related service of a Doctor that have already been provided by or through a Doctor within 12 months of such referral or order from the Doctor.

**Preexisting Conditions Limitation**

No benefits are payable under this Policy for a Preexisting Condition, or for charges relating to a Preexisting Condition.

"Preexisting Condition" means an Injury or Illness or any condition related to such Injury or Illness for which an individual consults a Doctor, receives medical services or supplies or takes any medication during the 12-month period immediately before the Covered Person's effective date of coverage under this Policy, if such Injury or Illness or condition is not fully disclosed when a request for initial insurance is made under this Policy. Preexisting Condition does not include any such Injury or Illness or condition after such individual has been has insured under this Policy for 9 months.

Exception

The Preexisting Condition Limitation will not apply to:

- 1. congenital anomalies conditions of a Dependent child; or
- 2. for Covered Persons who were covered under the Policyholder's prior group health plan which this Policy replaced, coverage under this Policy will be provided without evidence of insurability and benefits subject to this Preexisting Condition Limitation will be the lesser of:
  - a. the benefits payable under this Policy without application of the Preexisting Condition Limitation; or
  - b. the benefits that would have been payable under the prior group plan, until the Preexisting Condition Limitation no longer applied.

**Exclusions**

The following charges are not Covered Medical Expenses:

1. any charges which are not listed as a Covered Medical Expense;
2. charges incurred for Treatment of the teeth or gums, or alveolar processes, except as specifically listed as a Covered Medical Expense. However, charges incurred for the repair or replacement of natural teeth required as the result of and within one year of an accidental Injury, (and not as the result of biting or chewing) will be a Covered Medical Expense;
3. charges incurred for the purchase or fitting of hearing aids;
4. any portion of a charge which is in excess of the Reasonable and Customary charge for the Treatment;
5. any charge for Treatment that the Company determines is not Medically Necessary. To determine this, the Company may rely upon the advice of its medical review department and/or an independent medical reviewer and other medical experts. This provision shall not exclude any charges for a covered Treatment which specifically states that such Treatment will be considered Medically Necessary under this Policy;
6. charges incurred for a Treatment that is not generally accepted by the medical profession, or is listed as experimental, under investigation, or limited to research;
7. charges incurred for surgery to the eye to correct a refractive error, such as radial keratotomy; charges incurred for the examination for the prescription or fitting, and for the purchase or fitting of eyeglasses or contact lens. However, charges incurred for a contact lens or eyeglasses and frames required immediately following and as a result of cataract surgery will be a Covered Medical Expense;
8. charges incurred in connection with Treatment that is Cosmetic, other than:
  - a. reconstructive surgery to restore tissue damaged by Injury or Illness when such Treatment is incidental to or follows surgery resulting from trauma, infection or other diseases of the involved part; or
  - b. Treatment of a child from birth to correct a congenital disease or anomaly, including an oral defect;
9. charges incurred in connection with a change in gender;
10. charges incurred for the purchase or fitting of contraceptive devices; charges incurred for a voluntary surgical sterilization, or its reversal; or charges incurred for drugs or surgery which do not correct the condition of infertility. These include but are not limited to: artificial insemination; in vitro fertilization; hormone therapy; embryo transfer; gamete intra-fallopian transfer ("GIFT");

11. charges incurred for an elective abortion, except where the life of the mother is in danger if the procedure is not performed;
12. charges made by a Covered Person or his or her parents; guardian; spouse; brother; sister; natural, step, adopted or foster child; grandparent; in-law or a person residing in the Covered Person's household;
13. charges incurred for Custodial Care, or rest cures. "Custodial Care" means services to help in transferring, eating, dressing, bathing, toileting, and other such related activities;
14. charges incurred for transportation, unless specifically provided as a covered charge under this Policy;
15. charges incurred for any type of Treatment used for developmental purposes. This does not exclude Medically Necessary Treatment ordered by a Doctor to restore a functional loss that was the direct result of an Injury or Illness;
16. charges which a Covered Person is not legally obligated to pay for; or Treatment which he or she obtains, or is entitled to obtain, under any plan or program without charge, except Medicaid. This will include charges for Treatment which is provided or paid for by the federal government at a Veteran's Administration facility for:
  - a. an Injury or Illness related to the Covered Person's military service; or
  - b. the Person, or his or her Dependents, if the Person retired from the armed services;
17. charges incurred as a result of war or an act of war, whether declared or not, or any related act; charges incurred as the result of participation in a riot or insurrection; or charges incurred as the result of the Covered Person's participation in a felony;
18. charges incurred as a result of:
  - a. an Injury which arises out of or in the course of any employment with any employer; or
  - b. an Illness;
 for which the Covered Person:
  - a. is entitled to benefits under any workers' compensation law or occupational disease law; or
  - b. receives any settlement under any workers' compensation or occupational disease plan;
19. charges incurred for any Injury sustained or Illness contracted in consequence of the Covered Person's being intoxicated or under the influence of any narcotic unless administered on the advice of a Doctor;

20. charges incurred for normal nursery care of a newborn dependent child, unless such charge is incurred for the infant's Injury or Illness and as otherwise specified herein;
21. charges incurred for nonprescription medicines, oral contraceptives, vitamins, nutrients and food supplements, even if prescribed or administered by a Doctor;
22. charges made by a Nursing Home;
23. charges incurred for care relating to gastric by-pass, intestinal by-pass, gastroplasty, liposuction or relating to any other Treatment for obesity or weight control, unless such charge is related to the correction or improvement of morbid obesity;
- ~~24. charges incurred for routine health examinations or immunizations, except as otherwise provided herein;~~
25. charges incurred for recreational or leisure therapy;
26. charges for dental care or Treatment, or dental x-rays, except as otherwise provided herein;
27. charges incurred for foot care, except as otherwise provided herein;
28. charges for services or supplies for the Treatment of Injuries or accidents suffered at any pari-mutual track which does not have on-track accident insurance in effect either inside or outside the United States as stipulated by agreement between the Policyholder and the Thoroughbred Racing Association.

Any charge attributable to an Injury as defined in this Policy issued to the Policyholder by the Company, as subsequently amended or changed (this "Policy") to the extent such charges are payable under this Policy, would have been payable under this Policy if it were in effect at the time of such Injury; or is payable under any Accident or Workers' Compensation policy providing benefits greater than those provided under this Policy;

29. charges incurred for speech therapy, except as otherwise provided herein;
30. charges made by a Hospital on:
  - a. Friday and Saturday, if the Covered Person is admitted to the Hospital on such Friday; or
  - b. Saturday, if the Covered Person is admitted to a Hospital on such Saturday;

unless the admission is for Emergency Medical Treatment or if surgery is performed within 24 hours after such admission; or
31. charges incurred for any loss that is caused directly or indirectly, or in whole or in part, by suicide, attempted suicide or intentionally self-inflicted Injury.

## SECTION 7 - EXTENSION OF BENEFITS

**For Total Disability**

If a Covered Person is Totally Disabled on the date his or her Comprehensive Health Benefit terminates because the Person's active employment terminates, benefits will be extended solely for Covered Medical Expenses incurred by that Covered Person as the direct result of the Total Disability. Coverage will be extended until the earliest of the following:

1. the date the individual ceases to be Totally Disabled;
2. the date the maximum benefit under this Policy has been paid; or
3. the end of a 12-month period from the date the individual's insurance terminated under this Policy;

unless coverage is provided for the Total Disability under another group health plan.

*Extension of Benefits for Pregnancy*

Coverage will be provided under this extension of benefit provision for a Covered Person who incurs Covered Medical Expenses as a result of pregnancy, childbirth or related medical conditions if such charges are:

1. incurred after the Covered Person's coverage under this Policy terminates; and
2. the result of a pregnancy which commenced while the Covered Person's coverage under this Policy was in effect.

As used in this provision, "Totally Disabled" means a state of incapacity due to an Injury or Illness, and:

1. with respect to a Person, the Person's inability to work at his or her normal job; or
2. with respect to a Dependent, the Dependent's inability, due solely to Illness or Injury, to engage in all of the normal activities of an individual of like age and sex who is in good health.

**NOTE: If an individual is eligible to convert his or her Medical Expense Benefits as described in the next provision, he or she must do so within 31 days (45 days for New York residents) from the date such coverage terminates under this Policy. This Extension of Benefits for Total Disability provision does not extend the period of time during which an individual is insured under this Policy.**

**SECTION 8 - CONVERSION RIGHTS FOR MEDICAL EXPENSE BENEFITS**

If a Covered Person's Medical Expense Benefits terminate, he or she may be eligible to convert such insurance to a conversion policy then available through the Company, without evidence of insurability.

The benefits under the conversion policy may not be the same as the benefits of this Policy. Such conversion policy will not include all of the benefits, nor the same level of benefits as this Policy. To obtain details of the benefit plans available for conversion, and the cost, the Covered Person must send a written request for information to the Company. A form to request information for conversion is available through the Company and/or the Policyholder.

**Who is Eligible to Convert?**

The following Covered Persons who:

1. have been insured under this Policy, or the prior plan replaced by this Policy, for at least 3 months immediately prior to the date his or her insurance terminated;
2. are not entitled to similar medical expense coverage under any other group, whether on an insured or uninsured basis, or government plan, including Medicare; and
3. are not entitled to similar medical expense coverage pursuant to any law;

are eligible for conversion insurance:

1. a Person whose insurance terminated:
  - a. for any reason; or
  - b. due to termination of this Policy, for any reason unless the Policyholder replaces this Policy with similar and continuous coverage for the same group whether insured or self-insured; or
2. a Dependent spouse whose insurance terminated:
  - a. because the Person died; or
  - b. because of divorce or annulment of marriage from the Person; or
3. a child who no longer qualifies as an *Eligible Dependent* under Section 3B, *Dependents To Be Insured*.

The individual who is converting may insure his or her Eligible Dependents whose insurance terminated under this Policy at the same time.

**Application and Effective Date**

In order to be eligible to convert, the individual must apply and pay the first premium due within 31 days from the date his or her Medical Expense Benefits terminated under this Policy.

*For New York Residents:* In order to be eligible to convert, the individual must apply and pay the first quarterly premium, or a less frequent mode of payment if elected by the Covered Person, due within 45 days from the date his or her Medical Expense Benefits terminated under this Policy.

The effective date of the conversion insurance will be the day after the date insurance terminated under this Policy.

**Premium**

The initial premium for the conversion insurance will be based on:

1. the form and amount of conversion insurance the individual elects; and
2. the premium rates then in effect for that class of insurance; and
3. the ages, on the effective date, of each individual to be insured; and
4. the class of risk of each individual to be insured.

*For New York Residents:* However, a Person who has attained age 60 and have been insured under this Policy for at least 2 years immediately preceding the date the Person first became entitled to a converted policy will be entitled to obtain the converted policy for a premium computed at a rate which in any Policy Year will not exceed 120% of a net level premium approved by the Superintendent upon becoming entitled to this conversion privilege.

**Required Notice**

The Policyholder will give the Person, or mail to the Person's last known address, a written notice of the conversion privilege and its duration within 15 days before or after the date of termination of coverage under this Policy. However, if such notice is given more than 15 days, but less than 90 days, after the date of termination of coverage under this Policy, the time allowed for the exercise of such conversion privilege will be extended for 31 days (45 days for New York residents) after giving such notice. If such notice is not given within 90 days after the termination of coverage under this Policy, the time allowed for the exercise of such conversion privilege will expire at the end of such 90 days.

**This provision does not extend insurance beyond the date such insurance terminates in accordance with the terms and conditions of this Policy.**

**SECTION 9 - COORDINATION OF BENEFITS (COB)****Benefits Subject to COB**

All medical benefits under this Policy are subject to this provision.

**When Does COB Apply?**

Coordination of Benefits (COB) will apply when a Covered Person is covered for medical benefits under more than one Plan. "Plan" is defined below under Plans Considered for COB.

If this COB provision applies, the Order of Benefit Determination Rules below should be looked at first. Those rules determine whether this Policy is a Primary Plan or a Secondary Plan. A "Primary Plan" means the Plan which pays benefits or provides services first under the rules. A "Secondary Plan" is any Plan that is not a Primary Plan. When there are more than two Plans covering the Covered Person, this Policy may be a Primary Plan as to one or more other Plans, and may be a Secondary Plan as to a different Plan or Plans.

If this Policy is:

1. a Primary Plan, COB will not apply and benefits will not be reduced; or
2. a Secondary Plan, COB will apply, and benefits may be reduced so that the total payment from all Plans will not exceed 100% of total Allowable Expenses. This reduction is described under Effect on Benefits below.

**Plans Considered for COB**

"Plan" is any of the following which provides benefits or services for, or because of, medical, care or Treatment:

1. group, remittance subscriber, blanket or franchise insurance or other group-type coverage, whether insured or uninsured. This includes HMOs and other prepayment, group practice or individual practice coverage;
2. union welfare plans, employer organization plans, or labor-management trustee plans;
3. the medical benefits coverage provided in group and individual mandatory "no-fault" and traditional mandatory automobile "fault" type policies;
4. coverage under Medicare or other governmental plan for medical benefits only, or coverage required or provided by law. This does not include benefits payable under any state plan under Medicaid (Title XIX, Grants to States for Medical Assistance Programs, of the United States Social Security Act, as amended from time to time); or any plan when, by law, its benefits are in excess of those of any private insurance plan or other nongovernmental plan.



Each contract or other arrangement for coverage under 1. through 4. is a separate Plan. Also, if an arrangement has two parts and COB rules apply only to one of the two, each of the parts is a separate Plan.

"Plan" will not include:

1. individual or family:
  - a. insurance policies;
  - b. direct-payment subscriber contracts;
  - c. coverage through health maintenance organizations (HMOs); or
  - d. coverage under other prepayment, group practice and individual practice plans.
2. group hospital indemnity benefit amounts which are less than \$150 per day; or
3. school accident-type coverage.

#### **Order Of Benefit Determination Rules**

##### *General*

When there is a basis for a claim under this Policy and another Plan, this Policy is a Secondary Plan which has its benefits determined after those of the other Plan, unless:

1. the other Plan has rules coordinating its benefits with those of this Policy; and
2. both those rules and this Policy's COB Rules require that this Policy's benefits be determined before those of the other Plan.

##### *Rules*

This Policy determines its order of benefits using the first of the following rules which applies:

1. **Non-Dependent/Dependent.** The benefits of the Plan which covers the individual as an employee, member or subscriber (that is, other than as a dependent) are determined before those of the Plan which covers the individual as a dependent.
2. **Dependent Child/Parents not Separated or Divorced.** Except as stated in Rule 3., when this Policy and another Plan cover the same child as a dependent of different individuals, called "parents":
  - a. the benefits of the Plan of the parent whose birthday falls earlier in a year are determined before those of the Plan of the parent whose birthday falls later in that year; but

- b. if both parents have the same birthday, the benefits of the Plan which covered one parent longer are determined before those of the Plan which covered the other parent for a shorter period of time.

However, if the other Plan does not have this "birthday rule", but instead has a rule based upon the gender of the parent, and if, as a result, the Plans do not agree on the order of benefits, the rule in the other Plan will determine the order of benefits.

3. **Dependent Child/Separated or Divorced.** If two or more Plans cover a child as a dependent child of divorced or separated parents, benefits for the child are determined in this order:

- a. first, the Plan of the parent with custody of the child;
- b. then, the Plan of the spouse of the parent with the custody of the child; and
- c. finally, the Plan of the parent not having custody of the child.

However, if the specific terms of a court decree state that one of the parents is responsible for the health care expense of the child, and the entity obligated to pay or provide the benefits of the Plan of that parent has actual knowledge of those terms, the benefits of that Plan are determined first. The Plan of the other parent shall be the Secondary Plan. This paragraph does not apply with respect to any Claim Determination Period or Plan Year during which any benefits are actually paid or provided before the entity has the actual knowledge.

4. **Active/Inactive Employee.** The benefits of a Plan which covers the individual as an employee who is neither laid off nor retired (or as that employee's dependent) are determined before those of a Plan which covers the individual as a laid off or retired employee (or as that employee's dependent). If the other Plan does not have this rule, and if, as a result, the Plans do not agree on the order of benefits, this Rule 4. is ignored.
5. **Longer/Shorter Length of Coverage.** If none of the above rules determines the order of benefits, the benefits of the Plan which covered an employee, member or subscriber longer are determined before those of the Plan which covered the employee, member or subscriber for the shorter term.

#### **Effect on Benefits**

COB applies to this Policy when, in accordance with the Order of Benefit Determination Rules, this Policy is a Secondary Plan as to one or more other Plans. In that event the benefits of this Policy may be reduced under this COB provision. Such other Plan or Plans are referred to as "the other Plans" immediately below.

#### *Reduction in this Policy's Benefits*

The benefits of this Policy will be reduced when the sum of:

1. the benefits that would be payable for the Allowable Expense under this Policy in the absence of this COB provision; and

2. the benefits that would be payable for the Allowable Expenses under the other Plans, in the absence of provisions with a purpose like that of this COB provision, whether or not claim is made;

exceeds those Allowable Expenses in a Claim Determination Period. In that case, the benefits of this Policy will be reduced so that they and the benefits payable under the other Plans do not total more than those Allowable Expenses. As each claim is submitted, the Secondary Plan determines its obligation to pay for allowable expenses based on all claims which were submitted up to that point in time during the Claim Determination Period.

When the benefits of this Policy are reduced as described above, each benefit is reduced in proportion. It is then charged against any applicable benefit limit of this Policy.

"Allowable Expense" means a Reasonable and Customary item of expense for health care; when the item of expense is covered at least in part by one or more Plans covering the Covered Person for whom the claim is made, unless the law requires otherwise.

The difference between the cost of a private Hospital room and the cost of a semi-private Hospital room is not considered an Allowable Expense under the above definition unless the patient's stay in a private Hospital room is Medically Necessary either in terms of generally accepted medical practice.

When a plan provides benefits in the form of services, the reasonable cash value of each service rendered will be considered both an Allowable Expense and a benefit paid.

When benefits are reduced under a Primary Plan because a Covered Person does not comply with the plan provisions, the amount of such reduction will not be considered an Allowable Expense. Examples of such provisions are those related to second surgical opinions, precertification of admissions or services, and preferred provider arrangements.

"Claim Determination Period" means a calendar year. However, it does not include any part of a year during which an individual has no coverage under this Policy, or any part of a year before the date this COB provision or a similar provision takes effect.

As each claim is submitted, each Plan is to determine its liability and pay or provide benefits based upon allowable expenses incurred to that point in the Claim Determination Period. But that determination is subject to adjustment as later Allowable Expenses are incurred in the same Claim Determination Period.

#### **Right to Receive and Release Needed Information**

Certain facts are needed to apply these COB rules. The Company has the right to decide which facts it needs. It may get needed facts from or give them to any other organization or individual. The Company need not tell, or get the consent of, any individual to do this. Each Covered Person claiming benefits under this Policy must give the Company any facts it needs to pay the claim.

**Facility of Payment**

A payment made under another Plan may include an amount which should have been paid under this Policy. If it does, the Company may pay that amount to the organization which made that payment. That amount will then be treated as though it were a benefit paid under this Policy. The Company will not have to pay that amount again. The term "payment made" includes providing benefits in the form of services, in which case "payment made" means reasonable cash value of the benefits provided in the form of services.

**Right of Recovery**

If the amount of the payments made by the Company is more than it should have paid under this COB provision, it may recover the excess from one or more of:

1. the individuals it has paid or for whom it has paid;
2. insurance companies; or
3. other organizations.

The "amount of the payments made" includes the reasonable cash value of any benefits provided in the form of services.

However, a Secondary Plan which provides benefits in the form of services may recover the reasonable cash value of providing the services from the primary plan, to the extent that benefits for the services are covered by the Primary Plan and have not already been paid or provided by the Primary Plan. No cash reimbursement will be made for the value of services provided by a Plan which provides benefits in the form of services.

**SECTION 10 - COORDINATION OF BENEFITS AND MEDICARE****Medicare Benefits at Age 65**

If a Covered Person is entitled to benefits under Medicare because he or she is age 65, the following rules will determine which Plan is primary under the Coordination of Benefits (COB) provision.

*For Active Persons and Their Dependents*

This Policy will be the Primary Plan to Medicare for a Covered Person who is age 65 or older, and:

1. an active Person; or
2. a Dependent of an active Person.

*For Retired Persons and Their Dependents (if insured under this Policy)*

This Policy will be a Secondary Plan to Medicare for a Covered Person who is age 65 or older, and:

1. a retired employee; or
2. a Dependent of a retired employee.

To determine the amount of reduction for purposes of COB, the Company will include all benefits for which the Covered Person is eligible under Medicare Parts A and B. Such benefits will be considered payable under Medicare, whether or not the Covered Person has registered for Part A benefits, or enrolled for Part B benefits.

**Medicare Benefits Due to Total Disability**

A Covered Person may become entitled to Medicare benefits prior to age 65 if he or she is totally disabled or has end stage renal disease. The following rules apply with respect to COB with Medicare due to total disability or end stage renal disease prior to age 65. Upon attainment of age 65, the rules for COB with Medicare at age 65 will apply.

*During Medicare Waiting Period*

This Policy will be a Primary Plan to Medicare during any waiting period for Medicare benefits due to total disability or end stage renal disease.

*After Medicare Waiting Period*

After the Medicare waiting period has been met, and the Covered Person is entitled to Medicare benefits, this Policy will be:

1. a Primary Plan to Medicare for a Covered Person who is an active Person, or his or her Dependent, and entitled to Medicare benefits due to total disability other than end stage renal disease; and

2. a Secondary Plan to Medicare for a Covered Person who is:
  - a. an active Person, or his or her Dependent, who is entitled to Medicare benefits due to end stage renal disease; or
  - b. a retired Person, or his or her Dependent, who is entitled to Medicare benefit due to total disability or end stage renal disease.

**Electing Medicare as Primary Plan**

A Person or Dependent who is entitled to Medicare benefits at age 65, or as a result of total disability, may elect to have Medicare as the Primary Plan by giving notice to the employer. If a Person or Dependent elects Medicare as their Primary Plan, their health insurance under this Policy will cease.

"Medicare" means the medical benefits provided by Title XVIII of the Federal Social Security Act, as amended to date.

**SECTION 11 - CLAIM PAYMENT****Notice and Proof of Claim***Notice and Claim Forms*

In order to receive a claim form for filing a claim, written notice of a claim must be given to the Claim Administrator within 90 days after the date of loss which is covered under this Policy. Failure to give notice within such time will not invalidate or reduce any claim if it is shown not to have been reasonably possible to give such notice, and that notice is given as soon as it is reasonably possible to do so. If claim forms are available from the Policyholder, written notice of a claim is not required in order to receive a claim form.

Upon receipt of the written notice of claim, the Claim Administrator will provide claim forms for filing proof of a claim to the Policyholder for delivery to the Covered Person, or to the Covered Person making a claim. If the Covered Person does not receive the claim forms within 15 days after the Company receives the notice of claim, the Covered Person making the claim will be deemed to have complied with the requirements shown under *Proof of Claim* as described below, provided the Covered Person sends the Claim Administrator written proof of claim which includes the information required under *Proof of Claim*.

*Proof of Claim*

Proof of the loss for which a claim is made must be given to the Claim Administrator no later than 90 days after the date of loss. A claim will not be reduced or denied for failure to provide proof within this time, if it is shown that it was not reasonably possible to furnish proof, and that proof was provided as soon as it was reasonably possible. However, no claim will be paid if proof is received more than one year after the date of loss, unless the Covered Person was legally unable to notify the Claim Administrator.

The proof of claim must include all information necessary for the Claim Administrator to determine:

1. what the loss is;
2. the date of the loss;
3. the cause of the loss; and
4. what other group or group-type "Plans", as defined under the *COORDINATION OF BENEFITS* provision, that the Covered Person for which claim is made is also covered.

The Claim Administrator may require, as part of the proof, authorization to obtain medical and non-medical information. The Claim Administrator will notify the Covered Person of any additional information required to process a claim.

**Examination and Autopsy**

The Claim Administrator, at its own expense, has the right and opportunity to:

1. have the Covered Person whose claim is pending examined by a Doctor of its choice. This right may be used as often as reasonably required; and
2. have an autopsy performed, if it is not prohibited by law.

**Payment of Benefits**

All benefits that are payable under this Policy will be paid within 60 days as soon as the Claim Administrator receives satisfactory proof of the claim. No benefit will be paid for any charge, or portion of a charge that is discounted, waived or rebated by a provider simply because the Covered Person has insurance. The Claim Administrator shall have the right to recover any excess benefits paid for charges which were discounted, waived or rebated from the Covered Person or the provider.

**To Whom Benefits Are Payable**

All benefits are payable to the Person. However, the Claim Administrator may pay all or a part of the benefits to the institution or individual providing Treatment. The Person may, by written assignment, request that benefits be paid to a provider, or to themselves, but not later than at the time proof of claim is given to the Claim Administrator.

If benefits are to be paid to a minor or other Covered Person who, in the Claim Administrator's opinion is not able to give a valid receipt for any payment due him or her, the Claim Administrator will make payment to that Covered Person's legal guardian. If no legal guardian has been appointed, the Claim Administrator may, at its option, make payment to the individual or institution who appears to be entitled to the payment. Payment so made shall discharge all liability under this Policy with respect to that amount.

**Claim Denial and Appeal**

If all or a part of a claim is denied, the Claim Administrator will send a written notice which explains the reasons for the denial. If the Covered Person does not agree with the denial, he or she may make a request for review of the claim. Such request must be in writing to the Claim Administrator. If the Covered Person requests a review, he or she may:

1. request and receive copies of all pertinent documents on which the claim decision was based. A written approval may be required to release confidential records, such as medical records; and
2. submit additional information to support the claim, including issues and comments in writing.



The Claim Administrator will review and make a decision on the claim within 60 days from the later of:

1. the date the written request for review was received by the Claim Administrator; or
2. the date all additional information and comments are received by the Claim Administrator.

The Claim Administrator will notify the Covered Person of its decision in writing, and will include clear and specific reasons for the decision.

*Additional Appeal Rights*

If all or part of the claim is still denied, the Covered Person has the right to appeal directly to the Policyholder. These rights are described in the ERISA Rights Section of the Person's booklet or Summary Plan Description.

**Legal Actions**

A claimant, or the claimant's authorized representative cannot start any legal action with respect to a claim:

1. until 60 days after proof of claim as required above has been given; nor
2. more than 3 years after the time proof of claim is required.

**Right to Recover**

*Benefits Paid in Error or Fraud*

The Company has a right to reimbursement for benefits paid under this Policy, if it is found that such charges were paid in error.

The Company has a right to recover any benefits paid under this Policy as a result of fraudulent claims submitted for Treatment not rendered or purchased.

*Third Party Liability*

The Company has a right to reimbursement for benefits paid under this Policy, and the right to a lien on any recovery from a third party, if the third party is determined to be liable for such charges.

If it is determined that an Injury or Illness was the result of an intentional or unintentional act, or failure to act, of a third party, benefits for:

1. medical or dental charges; or

## 2. loss of earnings;

will be paid under this Policy only on the condition that the Covered Person (or his or her legal representative) shall agree in writing that:

1. the Company shall be entitled, to the extent of such payment, to the proceeds of any payment, settlement or judgment that may result from the exercise of any rights of recovery of such Covered Person against any individual or organization legally responsible for such charges; and
2. the Company shall have a lien to the extent of such payment, notice of which may be filed with the individual whose act caused the Injury or Illness, his or her agent, or a court having jurisdiction in the matter.

Reimbursement to the Company will be to the extent of the benefits paid. However, the reasonable pro rata expenses, such as lawyers' fees and court costs incurred in effecting the third party payment, may be deducted from the reimbursement.

The reimbursement agreement will be binding upon the Covered Person (or his or her legal representative) even if:

1. the payment received from the third party, or its insurer, is the result of:
  - a. a legal judgement; or
  - b. an arbitration award; or
  - c. a compromise settlement; or
  - d. any other arrangement; or
2. the third party, or its insurer, has not admitted liability for the Injury or Illness; or
3. the medical or dental expenses, or loss of earnings are not itemized in the third party payment, settlement or judgement.

If the Covered Person does not exercise his or her right of recovery, the Company has the right to be subrogated to the extent of any benefits paid under this Policy, to the proceeds of any settlement or judgement effected against a third party and resulting from the exercise of any rights of recovery which the Covered Person may have against any individual or organization.

At the Company's request, a Covered Person must execute and deliver all instruments, and take such other action as the Company may require to implement this provision. The Covered Person shall do nothing to prejudice the rights given the Company by this provision without its consent.

**SECTION 12 - GENERAL PROVISIONS****The Policy**

This Policy, its amendments and endorsements, the Policyholder's application, a copy of which is attached, and any individual applications, if any, for Persons, form the entire contract between the Company and the Policyholder.

**Individual Certificates of Insurance**

The Company will issue to the Policyholder, individual Certificates of Insurance to be delivered to each insured Person. The Certificate will state:

1. a summary of the benefits for which the Person and his or her Dependents are insured, including conversion rights, if any;

---

2. to whom the benefits are payable; and
3. any other conditions of this Policy that affect Persons.

If there is a difference between the provisions of this Policy and a Certificate of Insurance, the provisions of this Policy will govern.

**New Entrants**

Eligible new Persons may be added from time to time, to the group or class of individuals originally insured, in accordance with the terms and conditions of this Policy.

**Statements; Incontestability of Insurance**

All statements made by the Policyholder or a Person are considered to be representations and not warranties. No such statement may be used to contest the validity of this Policy, or a Person's insurability after the insurance has been in force prior to the contest for two years during the Person's lifetime unless:

1. it is in writing and signed by the Policyholder or the Person; and
2. a copy of the statement is given to the Policyholder, the Person or his or her beneficiary.

**The Policy**

This Policy will not be contested after it has been in force for two years from its date of issue, except for non-payment of premiums.

**The Person**

No statement made by the Person will void or reduce his or her insurance benefits provided under this Policy, unless it is contained in a written instrument signed by the Person. This provision does not preclude the Company from asserting defenses based upon the Person's ineligibility for insurance, non-payment of premium, or fraud.

**Insurance Information**

The Policyholder will provide the Company with all information it needs to carry out the terms of this Policy. The Company will have the right to inspect all books and records which relate to this Policy, whether such books and records are in the possession of the Policyholder or its designated representative. The Company may inspect such books and records at any reasonable time while this Policy remains in force, or after its termination.

If a clerical error is made with respect to individuals insured under this Policy, such error will not:

1. terminate a Person's insurance that would otherwise remain in force; or
2. continue insurance on an individual that would otherwise be terminated.

Upon discovery of a clerical error, an adjustment may be made to the premium.

**Misstatement of Age**

If the age of a Person has been misstated, the Company will use the Person's true age to determine:

1. the effective date or termination date of the Person's insurance under this Policy;
2. the amount of insurance; and
3. any other rights or benefits affected by age.

Based on the true age, the Company may make an adjustment to the premiums, the benefits, or both.

**Policyholder or Designated Representative Not an Agent**

The Policyholder, or its designated representative, will not be considered to be the agent of the Company for any purpose under this Policy.

**Authority of Agents**

Agents are not authorized to:

1. modify or waive this Policy; or

2. in event of lapse, to reinstate this Policy; or
3. extend the time for the payment of any premium due.

Only an Officer of the Company has the authority to change, modify or waive the provisions of this Policy, and then only in writing. Such change will be evidenced by endorsement on this Policy, or by amendment to this Policy signed by the Policyholder and the Company.

**Workers' Compensation Insurance**

This Policy is not issued in lieu of, nor does it affect any requirement for insurance by any Workers' Compensation Insurance Law, Occupational Disease Law or similar laws.

**Premium Payment**

All premiums must be paid on or before the Premium Due Date shown on the face page of this Policy, at the Home Office of the Company, or at any office authorized by the Company to accept them. The total amount of premium due will be based on:

1. the premium rates in effect; and
2. the number of lives insured and/or the volume of insurance in force, including adjustments, if any.

**Premium**

The initial premium rate (**Billed Rates**) will be as follows:

<u>FORM OF INSURANCE</u>	<u>PREMIUM RATE</u>
Medical Benefits	
per Person	\$137.04
per Dependent Unit	\$178.12

**Grace Period**

After the initial premium has been paid, the Policyholder is entitled to a grace period of 31 days for the payment of any premium due. If the required premium is not paid by the Premium Due Date, this Policy will terminate on the earlier of following dates:

1. the end of the grace period; or
2. the date of termination elected by the Policyholder, for which the Company was given prior written notice in accordance with the terms of this Policy.

The insurance under this Policy will continue in force during such grace period, or until the date of termination elected by the Policyholder, if earlier. The Policyholder will be liable for a pro rata premium for the time this Policy was in force during the grace period.

**Dividends**

This Policy will participate annually in the distribution of divisible surplus. Such surplus will be determined and apportioned by the Company at the end of each Policy year, provided this Policy has been continued in force by the payment of all premiums due to the end of the Policy year. To determine the divisible surplus, the Company will combine the financial experience of this Policy with the financial experience of all other group policies issued to the Policyholder by the Company.

All dividends will be either:

1. paid to the Policyholder in cash; or
- ~~2. at the request of the Policyholder, applied toward the payment of premiums.~~

If Persons contribute toward the cost of the insurance, and if the aggregate of any dividends payable exceed the Policyholder's aggregate share of the cost, such excess shall be applied by the Policyholder for the sole benefit of the Persons.

Payment of any dividend to the Policyholder will completely discharge the liability of the Company with respect to any dividend so paid.

**Changes***Premium Rate Change*

The Company reserves the right to change the premium rates on any Premium Due Date on or after the first Policy anniversary date by giving at least 60 days advance written notice of the change to the Policyholder. ~~The Company will not change premium rates more than once in any Policy year or rate guarantee period.~~

However, this provision does not prohibit the Company from changing premium rates on any Premium Due Date by giving at least 60 days advance written notice of the change to the Policyholder as a result of:

1. a change in benefit plan design or eligibility requirements; or
2. a material change in the composition of the group.

*Policy Changes*

The benefits, terms or conditions of this Policy may be changed:

1. on any Premium Due Date, by a written agreement between the Policyholder and the Company;  
or

2. on any date, when such change is required by law.

No such change will be effective until approved by an Officer of the Company. In all matters regarding this Policy, the Policyholder acts for the Persons insured under this Policy.

**Policy Termination**

*Termination by the Policyholder*

The Policyholder may cancel this Policy at any time by giving written notice to the Company at least 60 days in advance of the requested termination date. Termination will be effective on the later of:

1. 60 days from the date the Company receives the written notice; or
2. the date set by the Policyholder in the notice;

unless terminated earlier by the Company, as described immediately below.

*Termination by the Company*

The Company may terminate this Policy, or any portion of this Policy:

1. as provided under *Grace Period* in this Section for non-payment of premium; or
2. on any Premium Due Date, if fewer than 25 Persons are insured under this Policy, by giving the Policyholder written notice of termination at least 60 days prior to the date of termination; or
3. on any renewal date, by giving the Policyholder written notice of termination at least 60 days prior to the renewal date.

The effective date of termination will be the earliest of these dates that apply.

*Notice of Policy Termination to the Policyholder*

**For New York Residents:** If the Company terminates this Policy, the Company will give the Policyholder a notice of termination, as required by NYCRR, Title II, Part 55, which will include information pertaining to the Policyholder's obligation to notify each certificateholder covered under this Policy of this Policy's termination.



## THE JOCKEYS' GUILD MEMBER HEALTH PLAN

### WHAT BENEFITS ARE INCLUDED?

- Medical, Dental, and Prescription Drugs
- \$25,000 Life Insurance for enrolled Spouses
- Participation in a Retirement plan

### WHO IS ELIGIBLE?

All Active Guild Members who have ridden at least 100 mounts in the current or previous calendar year.

### HOW MUCH DOES IT COST?

<u>Plan</u>	<u>Monthly Premium</u>	<u>CA</u>	<u>DE</u>
Single	\$225 <i>Rates are guaranteed</i>	\$80	\$60
Member & 1 Dependent	\$425 <i>for 6 months and</i>	\$160	\$120
Family	\$550 <i>projected for 12 months</i>	\$210	\$160

### HOW ARE THE PREMIUMS PAID?

- An additional \$7 per mount is sent to the Guild.
- This \$7 is deposited in your *Personal Welfare Account*.
- Your monthly insurance premium is charge against your *Personal Welfare Account*.
- Unpaid premiums will be billed every two months.
- Excess in your *Personal Welfare Account* will be deposited into your retirement plan.

### ARE ON-TRACK INJURIES COVERED?

- On-track injuries are not covered by the Guild's health plan.
- For non work-comp states, \$100,000 of coverage provide by Guild-TRA agreement.
- Workman's compensation is provided in CA, CO, MD, NJ, and NY.
- The Guild can no longer afford the additional \$1,000,000 in coverage.
- The Guild is now working to create a national workman's compensation program.

### HOW TO ENROLL?

- Contact the Guild office for an enrollment package.
- Return the completed forms to the Guild along with 2 months premium.





## The Jockeys' Guild HEALTH PLAN ENROLLMENT INSTRUCTIONS

### ENCLOSED IN THIS PACKET:

- Health Plan Enrollment Instructions
- Welcome to PHCS
- Member Health Plan
- 2002 Health Plan Benefits
- Health Plan Enrollment / Change
- Coordination of Benefits
- Benefits Premium Account Agreement
- Schedule of Benefits (8 pages)

*Esos papeles esta en Espanol tambien*

To be eligible, you must have ridden 100 mounts in the current or previous calendar year. Participation in the Health Plan will required a physical examination by a medical doctor. The physical examination will be waived during open enrollment. There maybe exclusions based upon the physical examination.

### COMPLETE AND SIGN THE FOLLOWING: (Copies will be mailed to your permanent address)

- Benefits Premium Account Agreement
- Health Benefits Enrollment
- Coordination of Benefits
- Payment for the first 2 months of premiums payable to: **The Jockeys' Guild**

<u>Plan</u>	<u>Premium</u>	<u>California</u>	<u>Delaware</u>
o Single	\$225 per month	\$80 per month	\$60 per month
o Dependent	\$425 per month	\$160 per month	\$120 per month
o Family	\$550 per month	\$210 per month	\$160 per month

*Rates are guaranteed for 6 months und projected for 12 months*

### RETURN TO A GUILD MEMBER REPRESENTATIVE OR MAIL TO:

The Jockeys' Guild  
PO Box 250  
Lexington, KY 40588-0250

### IF YOU HAVE ANY QUESTIONS OR CONCERNS, PLEASE:

- Call the Guild Office at: **866 GO JOCKS (866-465-6257)**
- Contact a Member Representative or Delegate
- Visit us on the Internet at [www.jockeysguild.com](http://www.jockeysguild.com)

Tab 30



2 March 2004

**VIA USPS FIRST CLASS MAIL and FACSIMILE (626) 821-1515**

John K. Van de Kamp  
President and General Counsel  
Thoroughbred Owners of California  
285 West Huntington Drive  
Arcadia, California 91007

**RE: HEALTH INSURANCE PREMIUMS**

Dear John,

This letter is in response to your letter dated 19 February 2004 and open issue regarding more information on the health insurance premiums charged by the Guild for *The Jockeys' Guild Benefits Plan*.

The cost of the health insurance plan for all jockeys across the country, as determined by Marsh Risk and Insurance Services based on sound actuarial principles:

Single.....	\$348.20
Dependent.....	696.34
Family.....	925.65

Subsidized premiums for jockeys outside of California, Delaware, and Massachusetts:

Single.....	\$235.00
Dependent.....	445.00
Family.....	575.00

Note — less than five (5) percent increase over 2001-2 rates of \$225, 425, and 550, respectively

These premiums are subsidized through Guild revenues, including but not limited to media rights revenue paid by tracks.

Subsidized premiums for jockeys in California:

Single.....	\$80.00
Dependent.....	160.00
Family.....	210.00

Note — no increase of premiums over 2001-2002 rates

These premiums are subsidized through California un-cashed refunds.



2 March 2004  
John K. Van de Kamp  
Page 2

The media rights and on-track injury insurance agreement with the Thoroughbred Racing Associations and the Jockeys' Guild stipulates that media rights be based on the following formula:

A Track.....	\$75/day + \$7.57/mount
B Track.....	\$65/day + \$4.96/mount
C Track.....	\$50/day + \$3.63/mount

Historically, California racetracks have not paid the "per day" of the "per day plus per mount" fees. To the best of my knowledge, California tracks have always paid Guild mount fees (dues and insurance payments) and have offered the required catastrophic benefits.

The agreement, for California Health and Welfare unclaimed refund monies, mandates that the money reimbursed to the administrator be spent solely on California jockeys. The legislation or agreement does not specify how the Guild spends its revenue.

Please find enclosed another copy of the latest draft Agreement. A few minor changes were required, and the California Health and Welfare Committee are recommending a few. Furthermore, I am having a few parties review the requirements created from our last discussion, namely Mark Mathias from Marsh; our auditors, Piazza, Donnelly & Marlette; and our general counsel.

Paragraph 6 — Corrected proper accounting periods, and rather than specifying exact dates, simplified the text to encompass all dates since the agreement can survive the effective dates

Paragraph 10 — Retired jockey qualifications more strict (requested by the California Health and Welfare Committee); gives the permanently disabled qualifications more latitude if a jockey is injured outside of California but qualifies as a retired member (requested by the California Health and Welfare Committee)

Paragraph 15 — The BOARD's appropriation to the TRUST changed to April of each calendar year (requested by the California Health and Welfare Committee); since the appropriation belongs to the jockeys and rather than tracks earning interest, the TRUST can earn interest on the monies deposited netting more money for the jockeys.

Page 6 — Reflects the changes in qualification in paragraph ten.



2 March 2004  
John K. Van de Kamp  
Page 3

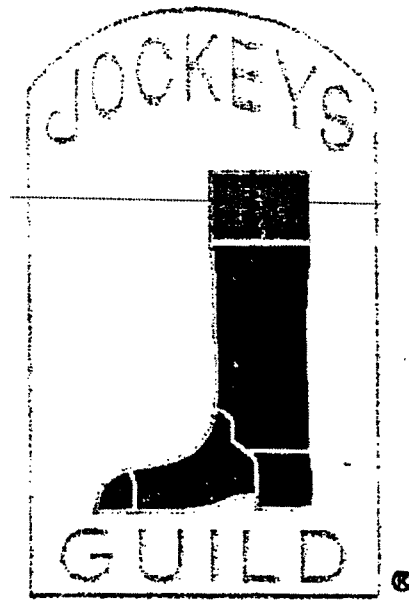
Unless you have any immediate concerns, I will wait to hear from the aforementioned parties to discuss the Agreement further.

Very truly yours,

Stephen J. Rice  
Controller & CFO

Enclosure

cc/enc: Barry Broad  
John Reagan



**THE JOCKEYS' GUILD**

GENERAL INFORMATION

ERISA Plan Name: The Jockeys' Guild Benefits Plan

Type of Plan: Group medical, group dental, and group life insurance

Funding Medium: Medical and dental benefits are paid from the general assets of The Jockeys' Guild. For California riders. The Jockeys' Guild has established a trust known as The Jockeys' Guild Health and Welfare Trust.

Type of Administration: Contract administration for medical and dental coverage. Insurer administration for life insurance.

<i>Name And Address Of The Plan Sponsor</i>	<i>Mailing Address</i>
The Jockeys' Guild 134 East Chestnut Ave Monrovia, CA 91016 (866) 465-6257	The Jockeys' Guild P.O. BOX 150 Monrovia, CA 91017 (866) 465-6257

<i>Name And Address Of The Plan Administrator</i>	
The Jockeys' Guild 134 East Chestnut Ave Monrovia, CA 91016 (866) 465-6257	The Jockeys' Guild P.O. BOX 150 Monrovia, CA 91017 (866) 465-6257

*Name And Address Of The Designated Agent For Service Of Legal Process*

Lloyd C. Ownbey, Jr.  
Attorney at Law  
180 Southlake Ave., Suite 540  
Pasadena, CA 91101-2683

In addition, service of process may be made upon the *plan administrator* or a plan trustee.

*Name and Addresses of Plan Trustees*

Barry Hickey, Manager  
Kathy LaPlant, Manager  
Branch Banking and Trust Co.  
223 West Nash St.  
Wilson, NC 27894-2887

*Name And Address Of The Third Party Contract Administrator*

P5 e. Health Services, Inc.  
P.O. Box 9554  
Salt Lake City, UT 84109-0554

Internal Revenue Service And Plan Identification Number

The corporate tax identification number assigned by the Internal Revenue Service is 13-1922798. The plan number is 501.

*Plan Year*

The *plan year* is the 12-month fiscal period for The Jockeys' Guild beginning January 1 and ending December 31.

Sources of Contributions to the Plan

The Thoroughbred Racing Association makes contributions to the plan pursuant to a collective bargained agreement. The State of California, the State of Delaware, and the State of Massachusetts make contributions pursuant to state statutes. Participants who participate in the plan or one or more components of the plan are required to make contributions to the plan for coverage. The amount of the participants' contributions is based on actuarial principles. The contributions will be applied to pay the cost of administrative expenses and health and welfare benefits under the plan.

Collective Bargaining

The plan is maintained pursuant to a collective bargained agreement. A copy of the agreement may be obtained by participants upon request to the *plan administrator*.

INTRODUCTION

The Jockeys' Guild has prepared this document to help you understand your benefits. Please read it carefully. Your benefits are affected by certain limitations and conditions which require you to be a wise consumer of health services and to use only those services you need. Also, benefits are not provided for certain kinds of treatments or services, even if your *health care provider* recommends them. **Injuries acquired at/on racetracks or at/on racetrack properties (including training facilities) will not be covered.**

This document is written in simple, easy-to-understand language. Technical terms are printed in *italics* and defined in the Definitions section.

As used in this document, the word *year* refers to the *benefit year* which is the 12-month period beginning January 1 and ending December 31. All annual benefit maximums and deductibles accumulate during the *benefit year*. The word *lifetime* as used in this document refers to the period of time you or your eligible dependents participate in this plan.

The Jockeys' Guild reserves the right to amend, modify or terminate the plan in any manner, at any time, which may result in the termination or modification of your coverage. Expenses incurred prior to the plan termination will be paid as provided under the terms of the plan prior to its termination.

Benefits described in this document are effective January 1, 2005.



ELIGIBILITY AND PARTICIPATION**Who Is Eligible**

You are eligible to participate in this plan if you are an *active member* (includes managers and full-time employees) enrollee of The Jockeys' Guild. Those Members and their families enrolling during the *plan year*, must have had at least 100 mounts from flat racing in the current or previous calendar year. Eligibility for *Medicaid* or the receipt of *Medicaid* benefits will not be taken into account in determining eligibility. If you are eligible to participate in The Jockeys' Guild – California Riders Benefit Plan, you are not eligible to participate in this plan.

Your eligible dependents may also participate. Eligible dependents include: your lawful spouse as defined by applicable state law; natural children; stepchildren; children who, before reaching the age of 18, are either adopted by you or placed in your home for adoption; and children for whom you are legal guardian. A dependent child must be unmarried and rely on you for primary support and maintenance. Dependent children remain eligible until age 19, or until age 23 if enrolled as a full-time student in a university, college, vocational school, secondary school or institution for the training of nurses. Accredited documentation must be submitted to The Jockeys' Guild or P5 e. Health Services, Inc.

It is the intent of the plan to provide a 90-day extension for students who experience a break in full-time student status, who have previously met their school's definition of full-time student status and intend to enroll in the next regularly scheduled semester/quarter. For example, coverage for full-time students is extended for those not enrolled in summer school or pre-enrolled to continue their full-time status in the fall semester/quarter. This, in effect, gives a full-time student 90 days in which to enroll in the fall semester/quarter after completion of the spring semester/quarter. However, if a student fails to register or participate in fall classes or the next regularly scheduled semester/quarter, the student would be considered ineligible for participation as a dependent under this plan the end of the month following the 90-day extension. Coverage would then be available through COBRA. Coverage for graduating students will terminate at the end of the month in which graduation occurs unless the individual re-enrolls as a full-time student in an additional course of study.

If a dependent child is enrolled in the plan and is *physically or mentally handicapped* on the date coverage would otherwise end, the child's eligibility will be extended for as long as you are covered by this plan, the handicap continues and the child continues to qualify for coverage in all aspects other than age. The plan may require you at any time to obtain a *physician's* statement certifying the *physical or mental handicap*.

You may not participate in this plan as both an enrollee and a dependent.

If The Jockeys' Guild determines that your separated or divorced spouse or any state child support or *Medicaid* agency has obtained a legal qualified medical child support order (QMCSO), through a court order or an administrative process established under state law, and your current plan offers dependent coverage, you will be required to provide coverage for any child(ren) named in the QMCSO. If a QMCSO requires that you provide health coverage for your child(ren) and you do not enroll the child(ren), The Jockeys' Guild must enroll the child(ren) upon application from your separated/divorced spouse, the state child support agency or *Medicaid* agency and withhold from your pay your share of the cost of such coverage. You may not drop coverage for the child(ren) unless you submit written evidence to The Jockeys' Guild that the child support order is no longer in effect. The plan may make benefit payments for the child(ren) covered by a QMCSO directly to the custodial parent or legal guardian of such child(ren). The *plan administrator* has discretion to adopt procedures to determine if a child support order satisfies the requirements of a QMCSO. Participants and beneficiaries can obtain a copy of the procedures governing QMCSO determinations from the *plan administrator* without charge.

#### **Plan Changes May Occur**

The Jockeys' Guild shares the cost of providing benefits for you and your dependents. From time to time, The Jockeys' Guild may adjust the amount of contributions required for coverage. In addition, the deductibles and co-payments may also change periodically. You will be notified of any changes in the cost of plan coverage before they take effect.

#### **When Coverage Begins**

When the enrollment requirements are met, coverage for you and your dependents begins on the first day of the month that you become eligible, which includes Jockeys' Guild and P5 Health Services, Inc. receiving complete information on forms required, as well as the first two consecutive months premium payments.

If you desire dependent coverage, you must enroll your eligible dependents at this time. If you do not have any eligible dependents at the time of initial enrollment, but acquire eligible dependents at a later date, you must enroll the dependent(s) within 30 days of the date you acquire them. To enroll, you must complete and return any enrollment forms required or provided by The Jockeys' Guild within the applicable time period. You may be required to obtain and provide The Jockeys' Guild with a Social Security number for each covered dependent.

Your newborn child is automatically covered at birth for 30 days. For coverage to continue beyond 30 days, you must notify your The Jockeys' Guild of the birth, properly enroll your child, and pay any required contribution. If enrollment and contribution are not made, coverage will terminate at the end of 30 days following your child's birth. Your claim for maternity expenses is not considered as notification to The Jockeys' Guild or enrollment of your child for coverage to continue beyond 30 days.

You are allowed to change your enrollment elections during a *benefit year* if you have a change in status. If you have a qualifying change in your status, you may change your enrollment decision within 30 days of the change in status by notifying The Jockeys' Guild and completing and returning any required forms. Your change in enrollment election must be consistent with your change in status. In other words, you may only change your election if the change in status causes you, your spouse or your child to gain or lose eligibility for coverage under this or another plan, and the election change must correspond with the effect on coverage.

**MEDICAL EXPENSES NOT COVERED**

The plan will not provide benefits for any of the items listed in this section, regardless of *medical necessity* or recommendation of a *health care provider*. This list is intended to give you a description of expenses for services and supplies not covered by the plan.

1. Expenses exceeding the *usual and customary charge* for the geographic area in which services are rendered.
2. Services rendered by anyone other than a covered *health care provider*.
3. Treatment not prescribed or recommended by a *health care provider*.
4. Services, supplies or treatment not *medically necessary*.
5. Services or supplies for which there is no legal obligation to pay, or expenses which would not be made, except for the availability of benefits under this plan.
6. *Experimental/investigational* equipment, services or supplies.
7. Complications arising from any non-covered *surgery* or treatment, except as required by law.
8. Services furnished by or for the United States Government or any other government, unless payment is legally required.
9. Any condition, disability or expense sustained as a result of being engaged in an illegal occupation or the commission or attempted commission of an illegal or criminal act.
10. Any condition, disability or expense sustained as a result of: duty as a member of the armed forces of any state or country; engaging in a war or act of war, whether declared or undeclared; participation in a civil revolution or riot; or an intentional or accidental atomic explosion or other release of nuclear energy, whether in peacetime or wartime.
- 11. Any condition or disability sustained as a result of being engaged in any activity primarily for wage, profit or gain, and that could entitle the covered person to a benefit under a workers' compensation act or similar legislation, including on-track injuries.**
12. Educational, vocational or training services and supplies, except as specified in Covered Medical Expenses.
13. Expenses for preparing or copying medical reports, itemized bills or claim forms.
14. Mailing and/or shipping and handling expenses.
15. Sales tax.
16. Expenses for broken appointments or telephone calls or telephone consultations.
17. Services or supplies furnished, paid for, or for which benefits are provided or required by reason of past or present service of any covered family member in the armed forces of a government.
18. Travel expenses of a *physician* or a covered person.

19. *Maintenance care.*
20. Sanitarium, rest or *custodial care.*
21. Expenses eligible for consideration under any other plan of the *plan sponsor.*
22. Treatment or services rendered outside the United States of America or its territories, except for an accidental *injury* or a *medical emergency.*
23. Personal comfort or service items while confined in a *hospital*, such as, but not limited to, radio, television, telephone and guest meals.
24. *Hospital* confinement expenses for dental services.
25. Dental services received after an accidental *injury* to teeth.
26. *Oral surgery.* (Benefits are available under the Dental Benefits section of this plan.)
27. *Cosmetic surgery.*
28. Removal of breast or other prosthetic implants.
29. Surgical treatment of *morbid obesity.*
30. Kerato-refractive eye *surgery* (*surgery* to improve nearsightedness, farsightedness and/or astigmatism by changing the shape of the cornea including, but not limited to, radial keratotomy and keratomileusis *surgery*).
31. Surgical reproductive sterilization.
32. Reversal of any reproductive sterilization procedure.
33. Surgical impregnation procedures.
34. Surgical treatment for the correction of infertility.
35. Surgical treatment of temporomandibular joint dysfunction (TMJ).
36. Orthognathic *surgery.*
37. Sex change *surgery.*
38. Penile prosthetic implants.
39. Expenses related to insertion or maintenance of an artificial heart.
40. Expenses for education, counseling, job training or care for learning disorders or behavioral problems, whether or not services are rendered in a facility that also provides medical and/or mental/nervous treatment.
41. Massage therapy or rolfing.

42. Occupational therapy, including supplies.
43. Acupuncture.
44. Orthoptics, vision therapy or supplies, unless such treatment is due to a covered *illness* or accidental *injury*.
45. Hearing examinations, hearing aids or related supplies, unless loss of hearing is due to a covered *illness* or accidental *injury*.
46. Adoption expenses.
47. Surrogate expenses.
48. Amniocentesis, including any testing performed in connection with the procedure.
49. Biofeedback.
50. Treatment of or related to sleep disorders.
51. Private-duty nursing services.
52. Non-surgical treatment of temporomandibular joint dysfunction (TMJ).
53. Non-surgical treatment of *morbid obesity*.
54. Treatment, instructions, activities or drugs (including diet programs) for weight reduction or control.
55. Non-surgical treatment for the correction of infertility.
56. Expenses incurred for non-surgical treatment of the feet, including treatment of corns, calluses and toenails, or other routine foot care, except as specified in Covered Medical Expenses.
57. Hypnosis.
58. Prescription drugs and medicines, including contraceptives, insulin and insulin syringes. Benefits are provided by P5 Rx/Express Scripts.
59. Infertility drugs, vitamins and nutritional supplements (including prenatal vitamins), whether or not a *physician's* prescription is required.
60. Drugs, medicines or supplies that do not require a *physician's* prescription.
61. B-12 injections.
62. Allergy injections.
63. Artificial limbs and eyes.

64. Orthotics, orthopedic or corrective shoes and other supportive appliances for the feet.
65. Equipment such as air conditioners, air purifiers, dehumidifiers, heating pads, hot water bottles, water beds, swimming pools, hot tubs and any other clothing or equipment which could be used in the absence of an *illness or injury*.

### Order Of Payment When Coordinating With Other Group Health Plans

Any group health plan which does not contain a coordination of benefits provision will be considered primary.

When all plans covering you and/or your dependents contain a coordination of benefits provision, the first of the following rules that describes which plan will pay benefits before another plan is the rule to follow:

1. The plan covering an individual other than as a dependent (for example, as an active employee or retiree) will be primary to a plan covering the same individual as a dependent. However, if the individual is covered by two group health plans and *Medicare*, and under federal law *Medicare* is:
  - secondary to the plan covering the individual as a dependent; and
  - primary to the plan covering the individual as other than a dependent (for example, a retiree);

then the order of payment is reversed so the plan covering the individual as an employee or retiree is secondary and the other plan is primary.

2. If a dependent child is covered under more than one plan, the primary plan is the plan of the parent whose birthday (month and day) is earlier in the calendar year if:
  - the parents are married; or
  - the parents are not separated (regardless of whether they ever have been married); or
  - a court decree awards joint custody without specifying that one parent has the responsibility to provide health care coverage.

If both parents have the same birthday (month and day), the plan that has covered either of the parents longer is primary.

If the specific terms of a court decree state that one of the parents is responsible for the child's health care coverage or expenses and the plan of that parent has knowledge of the decree, that plan is primary. If the parent designated by the decree has no coverage for the child but that parent's spouse does, the spouse's plan is primary.

If the parents are not married, are separated (regardless of whether they were ever married), or are divorced and there is no court decree allocating responsibility for the child's health care coverage or expenses, the order of benefit determination among the plans of the parents and the parents' spouses (if any) is:

- the plan of the custodial parent;
  - the plan of the spouse of the custodial parent;
  - the plan of the noncustodial parent; then
  - the plan of the spouse of the noncustodial parent.
3. The plan that covers an individual as an employee who is neither laid-off nor retired (or as that employee's dependent) is primary. However, the order of benefit determination for an individual covered both as a retiree and as a dependent of that individual's spouse will be determined under section No. 1 above.

4. The plan covering the individual as an employee or retiree (or as that individual's dependent) will be primary to the plan providing continuation coverage under federal (COBRA) or state law.
5. The plan that has covered the individual for the longer period of time will be considered primary.
6. If none of the above rules determines the primary plan, the allowable expenses will be shared equally between the plans.

**Right To Make Payments To Other Organizations**

Whenever payments which should have been made by this plan have been made by any other plan(s), this plan has the right to pay the other plan(s) any amount necessary to satisfy the terms of this coordination of benefits provision. Amounts paid will be considered benefits paid under this plan and, to the extent of such payments, the plan will be fully released from any liability regarding the person for whom payment was made.



**OTHER IMPORTANT PLAN PROVISIONS****Assignment Of Benefits**

All benefits payable by the plan are automatically assigned to the provider of services or supplies, unless evidence of previous payment is submitted with the claim form. Payments made in accordance with an assignment are made in good faith and release the plan's obligation to the extent of the payment. Payments will also be made in accordance with any assignment of rights required by a state *Medicaid* plan.

**Special Election For Members And Spouses Age 65 And Over**

If you remain actively employed after reaching age 65, you or your spouse may choose to remain covered under this plan without reduction for *Medicare* benefits or designate *Medicare* as the primary payor of benefits. If you choose to remain covered under this plan, this plan will be the primary payor of benefits and *Medicare* will be secondary. If you choose *Medicare* as primary, coverage under this plan will end. If you do not specifically choose one of the options, this plan will continue to be primary.

If you are under age 65 and your spouse is over age 65, he or she can make his or her own choice.

**Reimbursement To The Plan**

This section applies whenever another party (including your own insurer under an automobile or other policy) is legally responsible or agrees to compensate you or your dependent, by settlement, verdict or otherwise, for an *illness* or *injury*. In that case, you or your dependent (or the legal representatives, estate or heirs of either you or your dependent), must promptly reimburse the plan for any benefits it paid relating to that *illness* or *injury*, up to the full amount of the compensation received from the other party (regardless of how that compensation may be characterized and regardless of whether you or your dependent have been made whole). If the plan has not yet paid benefits relating to that *illness* or *injury*, the plan may reduce or deny future benefits on the basis of the compensation received by you or your dependent.

Benefits relating to such *illness* or *injury* will not be payable by the *plan* until you sign and return a statement, provided by the *plan*, acknowledging your obligation to reimburse the *plan* under this provision. (That obligation will arise upon the payment of any plan benefits relating to the *illness* or *injury*, whether or not you sign such a statement).

You or your dependent must cooperate with the plan and its agents, and must sign and deliver such documents as the plan or its agents reasonably request to protect the plan's right of reimbursement. You or your dependent must also provide any relevant information, and take such actions as the plan or its agents reasonably request to assist the plan in making a full recovery of the reasonable value of the benefits provided. You or your dependent must not take any action that prejudices the plan's right of reimbursement.

**In order to secure the rights of the plan under this section, you or your dependent hereby: (1) grant to the plan a first priority lien against the proceeds of any such settlement, verdict or other amounts received by you or your dependent; and (2) assign to the plan any benefits you or your dependent may have under any automobile policy or other coverage, to the extent of the plan's claim for reimbursement.**

The reimbursement required under this provision will not be reduced to reflect any costs or attorneys' fees incurred in obtaining compensation unless separately agreed to, in writing, by the *plan administrator*, in the exercise of its sole discretion.

#### **Subrogation**

This section applies whenever another party (including your own insurer under an automobile or other policy) is legally responsible or agrees to compensate you or your dependent for your or your dependent's *illness or injury* and the plan has paid benefits related to that *illness or injury*.

The plan is subrogated to all of the rights of you or your dependent against any party liable for your or your dependent's *illness or injury* to the extent of the reasonable value of the benefits provided to you or your dependent under the plan. The plan may assert this right independently of you or your dependent.

You or your dependent are obligated to cooperate with the plan and its agents in order to protect the plan's subrogation rights. Cooperation means providing the plan or its agents with any relevant information requested by them, signing and delivering such documents as the plan or its agents reasonably request to secure the plan's subrogation claim, and obtaining the consent of the plan or its agents before releasing any party from liability for payment of medical expenses.

If you or your dependent enter into litigation or settlement negotiations regarding the obligations of other parties, you or your dependent must not prejudice, in any way, the subrogation rights of the plan under this section.

The costs of legal representation of the plan in matters related to subrogation will be borne solely by the plan. The costs of legal representation of you or your dependent must be borne solely by you or your dependent.

#### **Additional Plan Provisions Governing Reimbursement And Subrogation**

The benefits advanced hereunder as a result of any injuries which give rise to a claim by any participant, beneficiary or any other covered person, hereinafter individually and collectively "participant", against a third party tortfeasor or against any person or entity as the result of the actions of a third party are excluded from coverage under this plan. This plan also does not provide benefits to the extent that there is other coverage under non-group medical payments including auto or medical expense type coverage to the extent of that coverage. However, this plan will advance benefits, otherwise payable under this plan, to or on behalf of said participant only on the following terms and conditions:

1. In the event that benefits are advanced under this plan, the plan shall be subrogated to all of the participant's (the term participant includes any person receiving benefits hereunder including all dependents) rights of recovery against any person or organization to the extent of the benefits provided. The participant shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The participant shall do nothing after loss to prejudice such rights. The participant hereby agrees to cooperate with the plan and/or any representatives of the plan in completing such forms and in giving such information surrounding any accident as the plan or its representatives deem necessary to fully investigate the incident.

2. The plan is also granted a right of reimbursement from the proceeds of any recovery whether by settlement, judgment or otherwise. This right of reimbursement is cumulative with and not exclusive of the subrogation right granted in paragraph 1, but only to the extent of the benefits provided by the plan.
3. The plan, by advancing benefits hereunder, is hereby granted a right to impress an equitable lien or constructive trust on the proceeds of any settlement, judgment or other payment intended for, payable to, or received by the participant or his/her representatives, and the participant hereby consents to said equitable lien and agrees to take whatever steps are necessary to help the company secure said equitable lien. The participant agrees that said equitable lien shall constitute a charge upon the proceeds of any recovery and the plan shall be entitled to assert security interest thereon. By the acceptance of benefits under the plan, the participant and his/her representatives agree: (a) to hold the proceeds of any settlement in trust for the benefit of the plan to the extent of 100% of all benefits paid on behalf of the participant and (b) that any settlement, judgment or other recovery proceeds held by another person or entity on the participant's behalf are being held for the benefit of the plan under these provisions.
4. By accepting benefits hereunder, the participant hereby grants the plan the right to impress an equitable lien or constructive trust and assigns to the company an amount equal to the benefits paid against any recovery made by or on behalf of the participant. This assignment is binding upon any attorney who represents the participant whether or not an agent of the participant and on any insurance company or other financially responsible party against whom a participant may have a claim provided said attorney, insurance carriers or others have been notified by the company or its agents.
5. The subrogation and reimbursements rights, assignments, equitable liens, and constructive trusts apply to any recoveries made by the participant as a result of the injuries sustained, including but not limited to the following:
  - a. Payments made directly by the third party tortfeasor, or any insurance company on behalf of the third party tortfeasor, or any other payments on behalf of the third party tortfeasor.
  - b. Any payments, settlements, judgment or arbitration awards paid by any insurance company under an uninsured or underinsured motorist coverage, whether on behalf of a participant or other person.
  - c. Any other payments from any source designed or intended to compensate a participant for injuries sustained as the result of negligence or alleged negligence of a third party.
  - d. Any workers' compensation award or settlement.
  - e. Any recovery made pursuant to no-fault insurance.
  - f. Any medical payments made as a result of such coverage in any automobile or homeowners insurance policy.

6. No adult participant hereunder may assign any rights that it may have to recover medical expenses from any tortfeasor or other person or entity to any minor child or children of said adult participant without the prior express written consent of the plan. The plan's rights to recover (whether by subrogation or reimbursement) shall apply to decedents', minors', and incompetent or disabled persons' settlements or recoveries.
7. No participant shall make any settlement which specifically reduces or excludes, or attempts to reduce or exclude the benefits provided by the plan.
8. The plan's right of recovery shall be a prior claim against any proceeds recovered by the participant, which right shall not be defeated nor reduced by the application of any so-called "Made-Whole Doctrine," "Full Compensation Doctrine", or any other such doctrine purporting to defeat the plan's recovery rights by allocating the proceeds exclusively to non-medical expense damages.
9. No participant hereunder shall incur any expenses on behalf of the plan in pursuit of the plan's rights hereunder. Specifically, no court costs nor attorneys fees may be deducted from the plan's recovery without the prior expressed written consent of the plan. This right shall not be defeated by any so-called "Fund Doctrine" or "Common Fund Doctrine," or "Attorney's Fund Doctrine".
10. The plan shall recover the full amount of benefits provided hereunder without regard to any claim of fault on the part of any participant, whether under comparative negligence or otherwise.
11. The benefits under this plan are secondary to any coverage under no-fault or similar insurance.
12. In the event that a participant shall fail or refuse to honor his/her obligations hereunder, then the plan shall be entitled to recover the costs incurred in enforcing the terms hereof including but not limited to attorney's fees, litigation, court costs, and other expenses.
13. Any reference to state law in any other provision of this policy shall not be applicable to this provision, if the plan is governed by ERISA. By acceptance of benefits under this plan, the participant agrees that a breach hereof would cause irreparable and substantial harm and that no adequate remedy at law would exist. Further, the plan shall be entitled to invoke such equitable remedies as may be necessary to enforce the terms of plan, including, but not limited to, specific performance, restitution, the imposition of an equitable lien and/or constructive trust, as well as injunctive relief.

#### **Recovery Of Excess Payments**

Whenever payments have been made in excess of the amount necessary to satisfy the provisions of this plan, the plan has the right to recover these excess payments from any individual (including yourself), insurance company or other organization to whom the excess payments were made or to withhold payment, if necessary, on future benefits until the overpayment is recovered.

If excess payments were made for services rendered to your dependent(s), the plan has the right to withhold payment on your future benefits until the overpayment is recovered.

Further, whenever payments have been made based on fraudulent information provided by you, the plan will exercise all available legal rights, including its right to withhold payment on future benefits, until the overpayment is recovered.

**Right To Receive And Release Necessary Information**

The plan may, without the consent of or notice to any person, release to or obtain from any organization or person, information, including your medical information, for treatment, payment, or health care operations. This plan may condition eligibility for benefits and enrollment in this plan on the individual's authorization for use of disclosure of protected health information for purposes of eligibility or enrollment determinations relating to the individual or for the plan's underwriting or risk-rating determinations.

**Alternate Payee Provision**

Under normal conditions, benefits are payable to the provider of services or supplies, unless evidence of previous payment is submitted with the claim form. If conditions exist under which a valid release or assignment cannot be obtained, the plan may make payment to any individual or organization that has assumed the care or principal support for you and is equitably entitled to payment. The plan must make payments to your separated/divorced spouse, state child support agencies or *Medicaid* agencies if required by a qualified medical child support order (QMCSO) or state *Medicaid* law.

The plan may also honor benefit assignments made prior to your death in relation to remaining benefits payable by the plan.

Any payment made by the plan in accordance with this provision will fully release the plan of its liability to you.

**Reliance On Documents And Information**

Information required by the *plan administrator* may be provided in any form or document that the *plan administrator* considers acceptable and reliable. The *plan administrator* relies on the information provided by you and others when evaluating coverage and benefits under the plan. All such information, therefore, must be accurate, truthful and complete. The *plan administrator* is entitled to conclusively rely upon, and will be protected for any action taken in good faith in relying upon, any information provided to the *plan administrator*. In addition, any fraudulent statement, omission or concealment of facts, misrepresentation, or incorrect information may result in the denial of the claim, cancellation or rescission of coverage, or any other legal remedy available to the plan.

**No Waiver**

The failure of the *plan administrator* to enforce strictly any term or provision of this plan will not be construed as a waiver of such term or provision. The *plan administrator* reserves the right to enforce strictly any term or provision of this plan at any time.

**Physician/Patient Relationship**

This plan is not intended to disturb the *physician/patient* relationship. *Physicians* and other *health care providers* are not agents or delegates of the *plan sponsor, plan administrator* or the third party *contract administrator*. Nothing contained in this plan will require you or your dependent to commence or continue medical treatment by a particular provider. Further, nothing in this plan will limit or otherwise restrict a *physician's* judgment with respect to the *physician's* ultimate responsibility for patient care in the provision of medical services to you or your dependent.

**Plan Is Not A Contract Of Employment**

Nothing contained in this plan will be construed as a contract or condition of employment between the *plan sponsor* and any Member. All Members are subject to discharge to the same extent as if this plan had never been adopted.

**Right To Amend Or Terminate Plan**

The *plan sponsor* reserves the right to amend, modify or terminate the plan in any manner, for any reason, at any time.

STATEMENT OF ERISA RIGHTS

As a participant in The Jockeys' Guild Benefits Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants shall be entitled to:

Receive Information About Your Plan and Benefits

1. Examine, without charge, at the plan administrator's office and at other specified locations, such as worksites and union halls, all documents governing the plan, including insurance contracts, collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Pension and Welfare Benefit Administration.
2. Obtain, upon written request to the plan administrator, copies of documents governing the operation of the plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The administrator may make a reasonable charge for the copies.
3. Receive a summary of the plan's annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary annual report.

Continue Group Health Plan Coverage

Continue health care coverage for yourself, spouse or dependent if there is a loss of coverage under the plan as a result of a qualifying event. You or your dependents may have to pay for such coverage. Review this summary plan description and the documents governing the plan on the rules governing your COBRA continuation coverage rights.

Reduction or elimination of exclusionary periods of coverage for preexisting conditions under your group health, if you have creditable coverage from another plan. You should be provided a certificate of creditable coverage, free of charge, from your group health plan or health insurance issuer when you lose coverage under the plan, when you become entitled to elect COBRA continuation coverage, when your COBRA continuation coverage ceases, if you request it before losing coverage, or if you request it up to 24 months after losing coverage. Without evidence of creditable coverage, you may be subject to a pre-existing condition exclusion for 12 months (18 months for late enrollees).

Prudent Actions by Plan Fiduciaries

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your plan, called "fiduciaries" of the plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including an employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

#### Enforce Your Rights

If your claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to this decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the plan administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the plan's decision or lack thereof concerning the qualified status of a domestic relations order or medical child support order, you may file suit in federal court. If it should happen that plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

#### Assistance with Your Questions

If you have any questions about your plan, you should contact the plan administrator. If have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the plan administrator, you should contact the nearest office of the Pension and Welfare Benefits Administration, U.S. Department of Labor (listed in your telephone directory) or the Division of Technical Assistance and Inquiries, Pension and Welfare Benefit Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Pension and Welfare Benefits Administration.

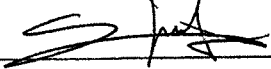


SIGNATURE PAGE

The effective date of The Jockeys' Guild Benefits Plan is January 1, 2005.

It is agreed by The Jockeys' Guild that the provisions of this document are correct and will be the basis for the administration of The Jockeys' Guild Benefits Plan.

Dated this 19<sup>th</sup> day of January, 2005

BY 

TITLE Benefits Adm

BY \_\_\_\_\_

TITLE \_\_\_\_\_

**SIGNATURE PAGE**

The effective date of The Jockeys' Guild Benefits Plan is January 1, 2005.

It is agreed by The Jockeys' Guild that the provisions of this document are correct and will be the basis for the administration of The Jockeys' Guild Benefits Plan.

Dated this \_\_\_\_\_ day of \_\_\_\_\_,

BY

\_\_\_\_\_

TITLE

\_\_\_\_\_

BY

\_\_\_\_\_

TITLE

\_\_\_\_\_

Tab 32

**JOCKEYS' GUILD, INC.**  
**SCHEDULE OF DELAWARE JOCKEYS'**  
**HEALTH AND WELFARE COSTS**  
**SIX MONTHS ENDED JUNE 30, 2005**

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<b>Notes to the Schedule of Delaware Jockeys' Health and Welfare Costs</b>	<b>3 - 6</b>



## INDEPENDENT AUDITORS' REPORT

L. G. Marlette Jr., CP  
Scott J. Donnelly, CP  
Dana N. Piazza, CPA  
Hank Parker, CPA

To the Board of Directors  
Jockeys' Guild, Inc.

We have audited the accompanying schedule of Delaware Jockeys' Health and Welfare Costs, as defined in the Agreement dated September 29, 1998 between the Jockeys' Guild, Inc. and the Delaware Thoroughbred Racing Commission, for the six months ended June 30, 2005. This schedule is the responsibility of the management of Jockeys' Guild, Inc. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit of the schedule in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of Delaware Jockeys' Health and Welfare Costs is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the schedule of Delaware Jockeys' Health and Welfare Costs referred to above presents fairly, in all material respects, the Delaware Jockeys' Health and Welfare Costs for the six months ended June 30, 2005 in accordance with the terms of the Agreement referred to above.

This report is intended solely for the information and use of the board of directors and management of Jockey's Guild, Inc. and the Delaware Thoroughbred Racing Commission and should not be used for any other purpose or relied upon by any other party.

Torrance, California  
August 23, 2005

**JOCKEYS' GUILD, INC.**  
**SCHEDULE OF DELAWARE JOCKEYS' HEALTH AND WELFARE COSTS**  
**SIX MONTHS ENDED JUNE 30, 2005**

Health, dental and vision self insurance costs	\$ 168,449
Life insurance costs	6,654
Disabled, injured and other health and welfare costs	4,614
Administrative costs	<u>15,256</u>
<hr/>	
Total health and welfare costs	194,973
Less health and welfare contributions from participants	<u>(27,160)</u>
Total costs eligible for reimbursement to Jockeys' Guild, Inc.	<u>\$ 167,813</u>

The accompanying notes are an integral part of this schedule.

See Independent Auditors' Report

**JOCKEYS' GUILD, INC.**  
**NOTES TO THE**  
**SCHEDULE OF DELAWARE JOCKEYS' HEALTH AND WELFARE COSTS**  
**SIX MONTHS ENDED JUNE 30, 2005**

**Note 1 - Contractor Description**

Jockeys' Guild, Inc. (the "Guild") is a non-profit national collective bargaining organization for thoroughbred and quarter horse professional jockeys. Founded in 1940, the Guild promotes, protects, and serves the welfare and prestige of the American professional jockey community with integrity, equity, and justice.

Reincorporated in the State of Nevada in 2002, the Guild's membership has grown 109% since June 2001 to over 1,290 members as of June 2005. The Guild provides jockeys with united representation inside and outside of the racing industry and collective bargaining through legislative efforts, lobbying efforts, and employer negotiations.

The Guild provides jockeys the opportunity to participate in a Guild subsidized health, dental, prescription drug, and life insurance plan, weekly temporary disability payments, and a permanently disabled jockey program that includes disability payments and health insurance for the jockey and the jockey's immediate family for life.

The Guild represents the majority of jockeys who are licensed by the Delaware Thoroughbred Racing Commission (the "DTRC") and regularly ride in Delaware for the purpose of providing health and other welfare benefits to active, disabled, and retired jockeys. Pursuant to Title 29 Section 4815(b)(3)c and amended by Delaware House Bill No. 463, as amended by Senate Amendment No. 8 (the "Statute"), the Guild has been identified to have authority to administer the appropriated funds. The Guild entered into an agreement with the DTRC on September 29, 1998 (the "Agreements"). The Agreement requires the Guild provide, the DTRC, semi-annually, with an audited statement of amounts expended for health and welfare benefits.

**Note 2 - Delaware Plan Description**

In accordance with the provisions of Title 29 Section 4815(b)(3)c, the Guild administers the Delaware Health and Welfare Plan (the "Plan") as follows:

1. The State of Delaware has appropriated funds from video gaming revenues to subsidize the high cost of health and welfare programs for qualified Delaware jockeys and their families.
2. DTRC has established the Delaware Jockeys' Health and Welfare Benefit Fund (the "Fund"), a separate account in the department of Agriculture for the purpose of holding and expending all monies distributed pursuant to the Statute.

See Independent Auditors' Report

**JOCKEYS' GUILD, INC.**  
**NOTES TO THE**  
**SCHEDULE OF DELAWARE JOCKEYS' HEALTH AND WELFARE COSTS**  
**SIX MONTHS ENDED JUNE 30, 2005**

**Note 2 - Delaware Plan Description (Continued)**

3. Funds are disbursed in the following six areas: health insurance coverage, life insurance coverage, weekly aid to temporarily disabled jockeys, monthly aid to permanently disabled jockeys, medical expenses for permanently disabled jockeys, and administrative costs incurred by the Guild.
4. The Guild shall be reimbursed an amount equal to the amounts expended to defray the cost of administration and the provision of health and welfare benefits to eligible jockeys.
5. The Guild may request reimbursement for administrative costs up to 20% of insurance costs (Note 5).
6. Jockeys are eligible for benefits under the Plan by meeting the following criteria. Qualifying jockeys must ride:
  - a. At least 50 mounts at Delaware Park in the previous or current year.
7. Participating jockeys who are not Guild Members shall pay \$500 annually to the Fund. The Guild shall pay \$500 annually per participating member to the Fund from its member dues.
8. Monthly Health and Welfare contributions from participants are:
 

a. Single	\$70
b. With dependent	\$140
c. Family	\$190

**Note 3 - The Jockeys' Guild Benefit Plan**

ERISA Plan Name:	The Jockeys' Guild Benefit Plan
Type of Plan:	Group medical, group dental, and group life insurance
Name of the Plan Sponsor:	Jockeys' Guild, Inc.
Name of the Plan Administrator:	Jockeys' Guild, Inc.
Name of the Third Party Administrator:	P5 e. Health Services, Inc. ("P5")
IRS Number:	13-1922798
Plan Identification Number:	501

See Independent Auditors' Report



**JOCKEYS' GUILD, INC.**  
**NOTES TO THE**  
**SCHEDULE OF DELAWARE JOCKEYS' HEALTH AND WELFARE COSTS**  
**SIX MONTHS ENDED JUNE 30, 2005**

**Note 3 - The Jockeys' Guild Benefit Plan (Continued)**

Providers:

Health/Medical Network:	Private Healthcare Systems, Inc. ("PHCS")
Dental Network:	Careington International Corporation
Prescription Network:	Express Scripts, Inc.
Stop Loss - Reinsurance Provider:	SYMETRA (Formerly Safeco) Corporation
Insurance Underwriting Consultant:	Marsh Risk and Insurance Services ("Marsh")

**Note 4 - Organization and General**

Pursuant to the Statute, the amount of money distributed annually to the Fund shall be a minimum of \$350,000 adjusted annually for inflation by Delaware Thoroughbred Racing Commission. The said monies allocated for the Fund shall be held and maintained in an account established in the Department of Agriculture and shall be administered by the Delaware Jockeys Health and Welfare Benefit Board (the "Board").

The Guild has developed reasonable and nondiscriminatory criteria for eligibility for the health and welfare benefits (Note 2, part 7). Delaware Jockeys who are not members of the Guild and who are currently on the Delaware Plan shall remain eligible for the health and welfare benefits available for Delaware Jockeys who are members of the Guild. The Guild has determined there were thirty-five (35) eligible jockeys based on agreement terms regarding prior mounts ridden in Delaware and the Delaware workers' compensation qualification standards for disabled jockey benefits.

**Note 5 - Summary of Significant Accounting Policies**

**Use of Estimates** - The preparation of this schedule in conformity with the terms of the Agreement requires management make estimates and assumptions that affect the reported costs and disclosures during the reporting period of the schedule. Actual results could differ from those estimates.

The Guild employs Marsh as a consultant to perform underwriting services and determine the health, dental, and vision self funded insurance premiums. Marsh estimates these premiums based on expected claims using a claims lag table, based on claims by Guild members, Guild members' claims experience activity over a rolling twelve-month period, estimated claims for the year, a medical reserve of 2.79 months, and a claims fluctuation standard of 5%. Guild management believes the methodologies employed by Marsh to be based on sound actuarial practices and consistent with insurance underwriting standards.

See Independent Auditors' Report

**JOCKEYS' GUILD, INC.**  
**NOTES TO THE**  
**SCHEDULE OF DELAWARE JOCKEYS' HEALTH AND WELFARE COSTS**  
**SIX MONTHS ENDED JUNE 30, 2005**

**Note 5 - Summary of Significant Accounting Policies (Continued)**

**Basis of Accounting** - The costs included on the Schedule of Delaware Jockeys' Health and Welfare Costs were recorded using the accrual basis of accounting.

**Health and Welfare Benefits** - These costs include the amount of health insurance premiums incurred by eligible participants who purchase personal insurance policies outside the Guild, and also includes eligible costs to be reimbursed to eligible participants participating in The Jockeys' Guild Benefit Plan. The following outlines the amount the Guild charges to each eligible participant:

Single	\$417.80 per month
With dependent	\$835.61 per month
Family	\$1,110.78 per month

**Administrative Costs** - The Guild is requesting reimbursement of \$15,256 or approximately 10% of benefit costs, for administrative costs.

See Independent Auditors' Report

Tab 33

**JOCKEYS' GUILD, INC.**  
**~~SCHEDULE OF CALIFORNIA JOCKEYS'~~**  
**HEALTH AND WELFARE COSTS**  
**TWELVE MONTHS ENDED DECEMBER 31, 2004**

INDEX

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<b>Notes to the Schedule of California Jockeys' Health and Welfare Costs</b>	<b>3 - 6</b>



## INDEPENDENT AUDITORS' REPORT

L. G. Marlette Jr., CI  
 Scott J. Donnelly, CI  
 Dana N. Piazza, CPA  
 Hank Parker, CPA

To the Board of Directors  
 Jockeys' Guild, Inc.

We have audited the accompanying schedule of California Jockeys' Health and Welfare Costs, as defined in the revised Agreement dated March 10 2004 between Jockeys' Guild, Inc. and the Thoroughbred Owners of California, Inc., for the twelve months ended December 31, 2004. This schedule is the responsibility of the management of Jockeys' Guild, Inc. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit of the schedule in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of California Jockeys' Health and Welfare Costs is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the schedule of California Jockeys' Health and Welfare Costs referred to above presents fairly, in all material respects, the California Jockeys' Health and Welfare Costs for the twelve months ended December 31, 2004 in accordance with the terms of the Agreement referred to above.

This report is intended solely for the information and use of the board of directors and management of Jockeys' Guild, Inc., the California Horse Racing Board, and the Thoroughbred Owners of California, Inc. and should not be used for any other purpose or relied upon by any other party.

*Piazza, Donnelly, & Marlette*  
 Torrance, California  
 March 5, 2005

**JOCKEYS' GUILD, INC.**  
**SCHEDULE OF CALIFORNIA JOCKEYS' HEALTH AND WELFARE COSTS**  
**TWELVE MONTHS ENDED DECEMBER 31, 2004**

Health, dental and vision self insurance premiums	\$ 882,666
Life insurance costs	41,163
Disabled, injured and other health and welfare costs	165,026
Administrative costs	<u>135,166</u>
Total health and welfare costs	1,224,022
Less health and welfare contributions from participants	<u>(187,750)</u>
Total costs eligible for reimbursement to Jockeys' Guild, Inc.	1,036,272
Less net interim reimbursement at June 30, 2004	<u>(478,805)</u>
Total remaining costs eligible for reimbursement to Jockeys' Guild, Inc. at December 31, 2004	<u>\$ 557,467</u>

The accompanying notes are an integral part of this schedule.

See Independent Auditors' Report

Page 2

**JOCKEYS' GUILD, INC.**  
**NOTES TO THE**  
**SCHEDULE OF CALIFORNIA JOCKEYS' HEALTH AND WELFARE COSTS**  
**TWELVE MONTHS ENDED DECEMBER 31, 2004**

**Note 1 - Contractor Description**

Jockeys' Guild, Inc. (the "Guild") is a non-profit national collective bargaining organization for thoroughbred and quarter horse professional jockeys. Founded in 1940, the Guild promotes, protects, and serves the welfare and prestige of the American professional jockey community with integrity, equity, and justice.

Reincorporated in the State of Nevada in 2002, the Guild's membership has grown 107% since June 2001 to over 1,265 members as of December 2004. The Guild provides jockeys with united representation inside and outside of the racing industry and collective bargaining through legislative efforts, lobbying efforts, and employer negotiations.

The Guild provides jockeys the opportunity to participate in a Guild subsidized health, dental, prescription drug, and life insurance plan, weekly temporary disability payments, and a permanently disabled jockey program that includes disability payments and health insurance for the jockey and the jockey's immediate family for life.

The Guild represents the majority of jockeys who are licensed by the California Horse Racing Board (the "CHRB") and regularly ride in California for the purpose of providing health and other welfare benefits to active, disabled, and retired jockeys. Pursuant to California Business and Professions Code 19612.9 (the "Statute"), the Guild has been identified to have authority to administer appropriated funds.

The Guild entered into an amended contract with the CHRB on March 10, 2004 (the "Agreement"). The new Agreement expires June 30, 2006 and requires the Guild to provide an audited schedule of health & welfare costs within ninety (90) days of June 30 and one-hundred-twenty (120) days of December 31 of each year.

**Note 2 - California Plan Description**

In accordance with the provisions of the Statute and approval of the CHRB, the Guild administers the California Health and Welfare Plan (the "Plan") as follows:

1. The State of California has appropriated funds from unclaimed refunds to subsidize the high cost of health and welfare programs for qualified California jockeys and their families.
2. The Guild has established the Jockeys' Guild Health and Welfare Trust (the "Trust") for the purpose of holding and expending all monies distributed pursuant to the Statute.

See Independent Auditors' Report

**JOCKEYS' GUILD, INC.**  
**NOTES TO THE**  
**SCHEDULE OF CALIFORNIA JOCKEYS' HEALTH AND WELFARE COSTS**  
**TWELVE MONTHS ENDED DECEMBER 31, 2004**

**Note 2 - California Plan Description (Continued)**

3. Funds are disbursed in the following six areas: health insurance coverage, life insurance coverage, weekly aid to temporarily disabled jockeys, monthly aid to permanently disabled jockeys, medical expenses for permanently disabled jockeys, and administrative costs incurred by the Guild.
4. The Guild shall be reimbursed an amount equal to the amounts expended to defray the cost of administration and the provision of health and welfare benefits to eligible jockeys.
5. The Guild may request reimbursement for administrative costs up to 15% of insurance costs (Note 5).
6. Should the expended amounts in a given period be less than that allocated in the Trust, the excess monies will be retained by the Trust for future disbursement.
7. Jockeys are eligible for benefits under the Plan by meeting the following criteria. Qualifying jockeys must ride:
  - a. 100 mounts nationwide
  - b. 50 of the mounts must be in California
8. Eligible jockeys who are not members of the Guild may participate in the plan.
9. Monthly Health and Welfare contributions from participants are:
 

a. Single	\$80
b. With dependent	\$160
c. Family	\$210

**Note 3 - The Jockeys' Guild Benefit Plan**

ERISA Plan Name:	The Jockeys' Guild Benefit Plan
Type of Plan:	Group medical, group dental, and group life insurance
Name of the Plan Sponsor:	Jockeys' Guild, Inc.
Name of the Plan Administrator:	Jockeys' Guild, Inc.
Name of the Third Party Administrator:	P5 e. Health Services, Inc. ("P5")
IRS Number:	13-1922798
Plan Identification Number:	501

See Independent Auditors' Report



**JOCKEYS' GUILD, INC.**  
**NOTES TO THE**  
**SCHEDULE OF CALIFORNIA JOCKEYS' HEALTH AND WELFARE COSTS**  
**TWELVE MONTHS ENDED DECEMBER 31, 2004**

**Note 3 - The Jockeys' Guild Benefit Plan (Continued)**

Providers:

Health/Medical Network:	Private Healthcare Systems, Inc. ("PHCS")
Dental Network:	Careington International Corporation
Prescription Network:	Express Scripts, Inc.
Stop Loss – Reinsurance Provider:	SYMETRA (formerly Safeco) Corporation
Insurance Underwriting Consultant:	Marsh Risk and Insurance Services ("Marsh")

**Note 4 - Organization and General**

Pursuant to the Statute, certain amounts shall be distributed to the organization that is responsible for negotiating purse agreements on behalf of the horsemen participating in the racing meeting (the TOC) for the purpose of negotiating an agreement with the responsible jockeys' organization (the Guild) to provide health and welfare benefits to California Jockeys. The amount of money distributed annually to the Guild, shall be held in trust and shall not exceed \$450,000; adjusted annually for inflation (the maximum amount last determined through June 30, 2003 by the CHRB, as adjusted for inflation, is \$1,016,000). The Guild has established a trust known as the Jockeys' Guild, Inc. Health and Welfare Trust (the Trust) for the purpose of holding and expending all monies distributed pursuant to the Statute.

The Guild has developed reasonable and nondiscriminatory criteria for eligibility for the health and welfare benefits (Note 2 part 7). California Jockeys who are not members of the Guild shall become and remain eligible for health and welfare benefits available for California Jockeys who are members of the Guild. The Guild has determined there were one-hundred-thirteen (113) eligible jockeys, based on agreement terms regarding prior mounts ridden in California and the California workers' compensation qualification standards for disabled jockey benefits.

See Independent Auditors' Report

**JOCKEYS' GUILD, INC.**  
**NOTES TO THE**  
**SCHEDULE OF CALIFORNIA JOCKEYS' HEALTH AND WELFARE COSTS**  
**TWELVE MONTHS ENDED DECEMBER 31, 2004**

**Note 5 - Summary of Significant Accounting Policies**

**Use of Estimates** - The preparation of this schedule in conformity with the terms of the Agreement requires management to make estimates and assumptions that affect the reported costs and disclosures during the reporting period. Actual results could differ from those estimates.

The Guild employs Marsh as a consultant to perform underwriting services and determine the health, dental, and vision self funded insurance premiums. Marsh estimates these premiums based on expected claims using a claims lag table, based on claims by Guild members, Guild members' claims experience activity over a rolling twelve month period, estimated claims for the year, a medical reserve of 2.79 months, and a claims fluctuation standard of 5%. Guild management believes the methodologies employed by Marsh to be based on sound actuarial practices and consistent with insurance underwriting standards.

**Basis of Accounting** - The costs included on the Schedule of California Jockeys' Health and Welfare Costs were recorded using the accrual basis of accounting.

**Health and Welfare Benefits** - These costs include the amount of health insurance premiums incurred for eligible participants who purchase personal insurance policies outside the Guild, and also includes eligible costs to be reimbursed to eligible participants participating in The Jockeys' Guild Benefit Plan. The following outlines the amount the Guild charges for each eligible participant:

Single	\$348.20 per month
With dependent	\$696.34 per month
Family	\$925.65 per month

**Administrative Costs** - The Guild is requesting reimbursement for administrative costs of 15% of health and welfare benefits as permitted under the Agreement.

See Independent Auditors' Report

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Tab 34

Robert E. Moe  
*Certified Public Accountant*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**THE JOCKEYS' GUILD**

**WELFARE BENEFITS PLAN**

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**FORM 5500 ANNUAL RETURN/REPORT**

December 31, 2003

<b>Form 5500</b> Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	<b>Annual Return/Report of Employee Benefit Plan</b> This form is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). Complete all entries in accordance with the instructions to the Form 5500.	Official Use Only OMB Nos. 1520-0110 1520-0089
		<b>2003</b> This Form is Open to Public Inspection.

**Part I Annual Report Identification Information**

For the calendar plan year 2003 or fiscal plan year beginning \_\_\_\_\_ and ending \_\_\_\_\_

**A** This return/report is for: (1)  a multiemployer plan; (3)  a multiple-employer plan; or  
 (2)  a single-employer plan (other than a multiple-employer plan); (4)  a DFE (specify) \_\_\_\_\_

**B** This return/report is: (1)  the first return/report filed for the plan; (3)  the final return/report filed for the plan;  
 (2)  an amended return/report; (4)  a short plan year return/report (less than 12 months).

**C** If the plan is a collectively-bargained plan, check here \_\_\_\_\_

**D** If filing under an extension of time or the DFVC program, check box and attach required information. (see instructions)

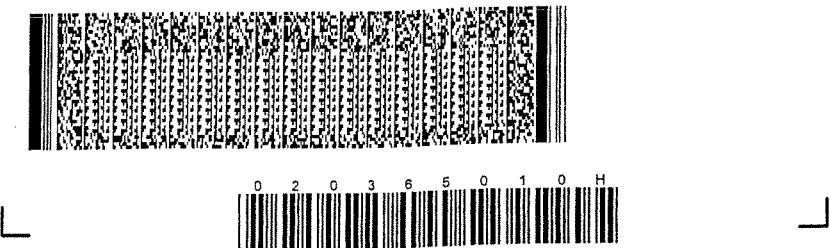
**Part II Basic Plan Information -- enter all requested information.**

<b>1a</b> Name of plan THE JOCKEYS' GUILD WELFARE BENEFITS PLAN	<b>1b</b> Three-digit plan number (PN) ▶ 501
<b>2a</b> Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) JOCKEYS' GUILD, INC.  P.O. BOX 150  MONROVIA CA 91017	<b>1c</b> Effective date of plan (mo., day, yr.) 01/01/2000
	<b>2b</b> Employer Identification Number (EIN) 13-██████████
	<b>2c</b> Sponsor's telephone number 626-305-5605
	<b>2d</b> Business code (see instructions) 813000

**Caution:** A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.  
 Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report if it is being filed electronically, and to the best of my knowledge and belief, it is true, correct and complete.

<b>SIGN HERE</b>	<b>COPY</b>	_____ Signature of plan administrator	_____ Date	_____ Type or print name of individual signing as plan administrator
<b>SIGN HERE</b>		_____ Signature of employer/plan sponsor/DFE	_____ Date	_____ Type or print name of individual signing as employer, plan sponsor or DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500. v6.1 Form 5500 (2003)



3a Plan administrator's name and address (If same as plan sponsor, enter "Same") SAME	3b Administrator's EIN
	3c Administrator's telephone number

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report below: a Sponsor's name	b EIN
	c PN

5 Preparer information (optional) a Name (including firm name, if applicable) and address ROBERT E. MOE, CPA 21791 LAKE FOREST DRIVE, SUITE 206 LAKE FOREST CA 92630	b EIN 33- [REDACTED]
	c Telephone number 949-951-8860

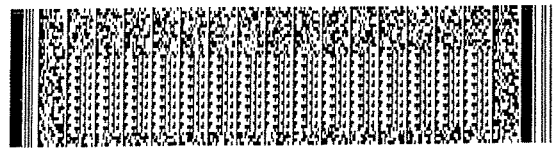
6 Total number of participants at the beginning of the plan year	6	1233
7 Number of participants as of the end of the plan year (welfare plans complete only lines 7a, 7b, 7c, and 7d)		
a Active participants	7a	1116
b Retired or separated participants receiving benefits	7b	334
c Other retired or separated participants entitled to future benefits	7c	0
d Subtotal. Add lines 7a, 7b, and 7c	7d	1450
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	7e	
f Total. Add lines 7d and 7e	7f	
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	7g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	7h	
i If any participant(s) separated from service with a deferred vested benefit, enter the number of separated participants required to be reported on a Schedule SSA (Form 5500)	7i	

8 Benefits provided under the plan (complete 8a and 8b as applicable)

a  Pension benefits (check this box if the plan provides pension benefits and enter the applicable pension feature codes from the List of Plan Characteristics Codes printed in the instructions):

b  Welfare benefits (check this box if the plan provides welfare benefits and enter the applicable welfare feature codes from the List of Plan Characteristics Codes printed in the instructions): 4A  4B  4D

9a Plan funding arrangement (check all that apply)	9b Plan benefit arrangement (check all that apply)
(1) <input checked="" type="checkbox"/> Insurance	(1) <input checked="" type="checkbox"/> Insurance
(2) <input type="checkbox"/> Code section 412(i) insurance contracts	(2) <input type="checkbox"/> Code section 412(i) insurance contracts
(3) <input type="checkbox"/> Trust	(3) <input type="checkbox"/> Trust
(4) <input checked="" type="checkbox"/> General assets of the sponsor	(4) <input checked="" type="checkbox"/> General assets of the sponsor



10 Schedules attached (Check all applicable boxes and, where indicated, enter the number attached. See instructions.)

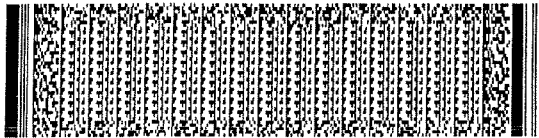
a Pension Benefit Schedules

- (1)  R (Retirement Plan Information)
- (2)  T (Qualified Pension Plan Coverage Information)  
If a Schedule T is not attached because the plan is relying on coverage testing information for a prior year, enter the year \_\_\_\_\_
- (3)  B (Actuarial Information)
- (4)  E (ESOP Annual Information)
- (5)  SSA (Separated Vested Participant Information)

b Financial Schedules

- (1)  H (Financial Information)
- (2)  I (Financial Information - Small Plan)
- (3)  1 A (Insurance Information)
- (4)  C (Service Provider Information)
- (5)  D (DFE/Participating Plan Information)
- (6)  G (Financial Transaction Schedules)
- (7)  P (Trust Fiduciary Information)

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<p><b>SCHEDULE A (Form 5500)</b> Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</p>	<p><b>Insurance Information</b> This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974. ▶ <b>File as an attachment to Form 5500.</b> ▶ Insurance companies are required to provide this information pursuant to ERISA section 103(a)(2).</p>	<p style="text-align: right; font-size: small;">Official Use Only</p> <p>OMB No. 1210-0110</p> <p style="text-align: center; font-size: large;"><b>2003</b></p> <p style="text-align: center; font-size: small;">This Form Is Open to Public Inspection.</p>
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For calendar plan year 2003 or fiscal plan year beginning \_\_\_\_\_ and ending \_\_\_\_\_

A Name of plan <b>THE JOCKEYS' GUILD WELFARE BENEFITS PLAN</b>	B Three-digit plan number ▶	501
C Plan sponsor's name as shown on line 2a of Form 5500 <b>JOCKEYS' GUILD, INC.</b>	D Employer Identification Number 13- [REDACTED]	

**Part II Information Concerning Insurance Contract Coverage, Fees, and Commissions**  
Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.

**1 Coverage:**

(a) Name of insurance carrier

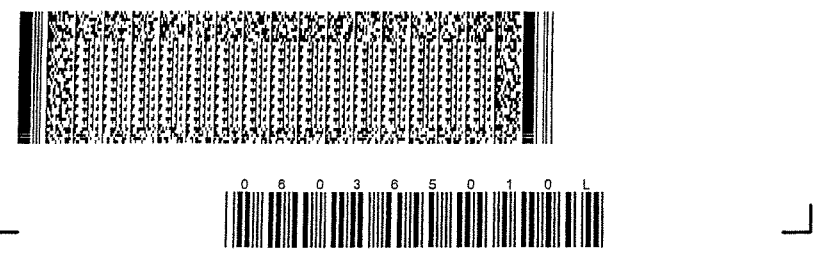
METROPOLITAN LIFE

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
[REDACTED]	[REDACTED]	[REDACTED]	2015	06/01/2002	05/31/2003

**2 Insurance fees and commissions paid to agents, brokers and other persons.** Enter the total fees and total commissions below and list agents, brokers and other persons individually in descending order of the amount paid in the items on the following page(s) in Part I.

Totals	
Total amount of commissions paid	Total fees paid / amount
15629	0

For Paperwork Reduction Act Notice and OMB Control Numbers, see the Instructions for Form 5500. v6.1 Schedule A (Form 5500) 2003



(a) Name and address of the agents, brokers or other persons to whom commissions or fees were paid

MARSH USA INC.  
75 REMITTANCE DRIVE, SUITE 1441  
CHICAGO IL 60675

(b) Amount of commissions paid	Fees paid		(e) Organization code
	(c) Amount	(d) Purpose	
15629			3

(a) Name and address of the agents, brokers or other persons to whom commissions or fees were paid

(b) Amount of commissions paid	Fees paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agents, brokers or other persons to whom commissions or fees were paid

(b) Amount of commissions paid	Fees paid		(e) Organization code
	(c) Amount	(d) Purpose	

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**Part III Investment and Annuity Contract Information**

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

**3** Current value of plan's interest under this contract in the general account at year end .....

**4** Current value of plan's interest under this contract in separate accounts at year end .....

**5** Contracts With Allocated Funds

**a** State the basis of premium rates ▶

**b** Premiums paid to carrier .....

**c** Premiums due but unpaid at the end of the year .....

**d** If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount .....

Specify nature of costs ▶

**e** Type of contract (1)  individual policies (2)  group deferred annuity  
 (3)  other (specify) ▶

**f** If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶

**6** Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

**a** Type of contract (1)  deposit administration (2)  immediate participation guarantee  
 (3)  guaranteed investment (4)  other (specify below) ▶

**b** Balance at the end of the previous year .....

**c** Additions: (1) Contributions deposited during the year .....

(2) Dividends and credits .....

(3) Interest credited during the year .....

(4) Transferred from separate account .....

(5) Other (specify below) .....

▶

(6) Total additions .....

**d** Total of balance and additions (add b and c (6)) .....

**e** Deductions:

(1) Disbursed from fund to pay benefits or purchase annuities during year .....

(2) Administration charge made by carrier .....

(3) Transferred to separate account .....

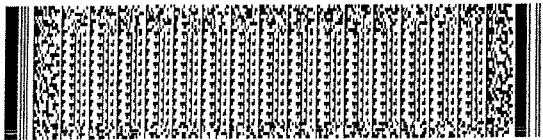
(4) Other (specify below) .....

▶

(5) Total deductions .....

**f** Balance at the end of the current year (subtract e (5) from d) .....

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Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organization(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes on this report.

7 Benefit and contract type (check all applicable boxes)

a  Health (other than dental or vision)      b  Dental      c  Vision      d  Life insurance

e  Temporary disability (accident and sickness)      f  Long-term disability      g  Supplemental unemployment      h  Prescription drug

i  Stop loss (large deductible)      j  HMO contract      k  PPO contract      l  Indemnity contract

m  Other (specify) ▶

8 Experience-rated contracts

a Premiums: (1) Amount received ..... 278540

(2) Increase (decrease) in amount due but unpaid .....

(3) Increase (decrease) in unearned premium reserve .....

(4) Earned ((1) + (2) - (3)) .....

b Benefit charges: (1) Claims paid ..... 0

(2) Increase (decrease) in claim reserves .....

(3) Incurred claims (add (1) and (2)) .....

(4) Claims charged .....

c Remainder of premium: (1) Retention charges (on an accrual basis) -

(A) Commissions .....

(B) Administrative service or other fees .....

(C) Other specific acquisition costs .....

(D) Other expenses .....

(E) Taxes .....

(F) Charges for risks or other contingencies .....

(G) Other retention charges .....

(H) Total retention .....

(2) Dividends or retroactive rate refunds. (These amounts were  paid in cash, or  credited.)

d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement

(2) Claim reserves .....

(3) Other reserves .....

e Dividends or retroactive rate refunds due. (Do not include amount entered in c(2).)

9 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier ..... 278540

b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, item 2 above, report amount ..... 0

Specify nature of costs ▶

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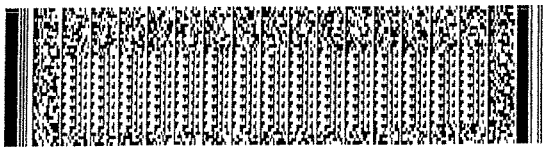


<p><b>SCHEDULE C</b> <b>(Form 5500)</b></p> <p><small>Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</small></p>	<p><b>Service Provider Information</b></p> <p><small>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974.</small></p> <p><small>File as an attachment to Form 5500.</small></p>	<p><small>Official Use Only</small></p> <p>OMB No. 1210-0110</p> <p style="text-align: center; font-weight: bold;">2003</p> <p><small>This Form is Open to Public Inspection.</small></p>
<p>For calendar plan year 2003 or fiscal plan year beginning _____ and ending _____</p>		
<p><b>A</b> Name of plan THE JOCKEYS' GUILD WELFARE BENEFITS PLAN</p>		<p><b>B</b> Three-digit plan number 501</p>
<p><b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 JOCKEYS' GUILD, INC.</p>		<p><b>D</b> Employer Identification Number ██████████</p>
<p><b>Part I Service Provider Information (see instructions)</b></p>		
<p><b>1</b> Enter the total dollar amount of compensation paid by the plan to all persons, other than those listed below, who received compensation during the plan year: _____</p>		<p>1 134</p>
<p><b>2</b> On the first item below list the contract administrator, if any, as defined in the instructions. On the other items, list service providers in descending order of the compensation they received for the services rendered during the plan year. List only the top 40. 103-12 IEs should enter N/A in (c) and (d).</p>		
(a) Name	(b) Employer identification number (see instructions)	(c) Official plan position
P5 E. HEALTH SERVICES	87-██████	CONTRACT ADMINISTRATOR
(d) Relationship to employer, employee organization, or person known to be a party-in-interest	(e) Gross salary or allowances paid by plan	(f) Fees and commissions paid by plan
(g) Nature of service code(s) (see instructions)		
NONE	0	192724 12
(a) Name	(b) Employer identification number (see instructions)	(c) Official plan position
MARSH RISK & INSURANCE SERVICES	36-██████	INSURANCE BROKER
(d) Relationship to employer, employee organization, or person known to be a party-in-interest	(e) Gross salary or allowances paid by plan	(f) Fees and commissions paid by plan
(g) Nature of service code(s) (see instructions)		
NONE	0	67657 19

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500. v6.1 Schedule C (Form 5500) 2003



(a) Name	(b) Employer identification number (see instructions)	(c) Official plan position		
JENNINGS & ASSOCIATES	36-██████████	INSURANCE BROKER		
(d) Relationship to employer, employee organization, or person known to be a party-in-interest	(e) Gross salary or allowances paid by plan	(f) Fees and commissions paid by plan	(g) Nature of service code(s) (see instructions)	
NONE	0	67657	13	
<hr/>				
(a) Name	(b) Employer identification number (see instructions)	(c) Official plan position		
GLOBAL CLAIM SERVICES	87-██████████	ADMINISTRATION		
(d) Relationship to employer, employee organization, or person known to be a party-in-interest	(e) Gross salary or allowances paid by plan	(f) Fees and commissions paid by plan	(g) Nature of service code(s) (see instructions)	
NONE	0	9067	13	
<hr/>				
(a) Name	(b) Employer identification number (see instructions)	(c) Official plan position		
EXPRESS SCRIPTS	43-██████████	ADMINISTRATION		
(d) Relationship to employer, employee organization, or person known to be a party-in-interest	(e) Gross salary or allowances paid by plan	(f) Fees and commissions paid by plan	(g) Nature of service code(s) (see instructions)	
NONE	0	5107	13	

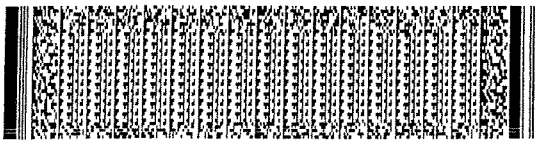


**Part III** Termination Information on Accountants and Enrolled Actuaries (see instructions)

(a) Name \_\_\_\_\_ (b) EIN \_\_\_\_\_  
(c) Position \_\_\_\_\_  
(d) Address \_\_\_\_\_  
(e) Telephone No. \_\_\_\_\_  
Explanation: \_\_\_\_\_  
\_\_\_\_\_

(a) Name \_\_\_\_\_ (b) EIN \_\_\_\_\_  
(c) Position \_\_\_\_\_  
(d) Address \_\_\_\_\_  
(e) Telephone No. \_\_\_\_\_  
Explanation: \_\_\_\_\_  
\_\_\_\_\_

(a) Name \_\_\_\_\_ (b) EIN \_\_\_\_\_  
(c) Position \_\_\_\_\_  
(d) Address \_\_\_\_\_  
(e) Telephone No. \_\_\_\_\_  
Explanation: \_\_\_\_\_  
\_\_\_\_\_



566

**Form 5500, Box D – DFVC Filing**

The Jockeys' Guild Welfare Benefits Plan  
Form 5500 – December 31, 2003

13- [REDACTED]  
Plan 501

Please note that this return is being filed under the DFVC program and the required penalties have been submitted to:

DFVC Program  
EBSA  
P.O. Box 530292  
Atlanta, GA 30353-0292

Please accept our apologies for the additional handling required.

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INTEROFFICE MEMO

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DATE: 3/19/2003  
TO: OFFICE STAFF  
FROM: ROBERT COLTON  
RE: MEMBER BENEFITS CANCELATION POLICY & OVERDUE ACCOUNTS  
PRIORITY: [URGENT]

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All members two months or more behind on their Health Insurance Premiums (HIP) will have claims put on hold. A letter will be sent immediately to member regarding their overdue account with a request to call the Guild office as soon as possible. In addition, a phone call shall be placed to each one of these members. If contact is not made and an agreement with a significant payment received by the Guild, both health and spouse life insurance will unfortunately, have to be canceled as directed by the insurance carriers.

All future temporary disability payments to members will be compared to Health Insurance Premiums (HIP) Accounts Receivable (A/R) list and if any amount is owed to the Guild, the disability payment shall be withheld until the balance is satisfied or another arrangement is made by the member. A letter informing the member shall be immediately sent.

Guild Health Insurance as of 3/1/05		
Name	Monthly Rate	Balance
	\$530.00	\$5,873.00
	\$680.00	(\$6,731.00)
	\$680.00	\$9,528.00
	\$280.00	\$1,660.00
	\$280.00	\$887.00
	\$280.00	\$1,100.00
	\$280.00	\$2,075.00
	\$280.00	(\$1,329.00)
	\$690.00	\$3,419.00
	\$530.00	\$11,273.00
	\$280.00	(\$1,092.00)
	\$280.00	(\$1,117.00)
	\$690.00	\$2,115.00
	\$280.00	(\$964.00)
	\$190.00	(\$186.00)
	\$690.00	(\$2,086.00)
	\$280.00	\$1,102.00
	\$690.00	(\$1,154.00)
	\$280.00	\$880.00
	\$890.00	\$3,359.00
	\$690.00	\$1,480.00
	\$70.00	(\$2,968.00)
	\$690.00	\$1,473.00
	\$690.00	\$1,098.00
	\$280.00	\$4,998.00
	\$530.00	\$3,807.00
	\$680.00	\$2,146.00
	\$530.00	\$1,879.00
	\$280.00	\$4,219.00
	\$280.00	\$660.00
	\$530.00	(\$2,177.00)
	\$280.00	(\$7,549.00)
	\$280.00	(\$39.00)
	\$280.00	\$2,013.00
	\$690.00	(\$4,555.00)
	\$530.00	\$5,464.00
	\$180.00	(\$417.00)
	\$280.00	(\$2,842.00)
	\$280.00	\$298.00
	\$280.00	(\$798.00)
	\$690.00	\$1,646.00
	\$190.00	(\$3,411.00)
	\$690.00	\$19,148.00
	\$530.00	\$0.00
	\$140.00	(\$108.00)
	\$280.00	\$131.00
	\$280.00	(\$1,657.00)
	\$690.00	\$5,754.00

JOCKEYS' GUILD  
 HEALTH PLAN MEMBERS'  
 NAMES AND SOCIAL SECURITY  
 NUMBERS REDACTED  
 (A-Ca)



JOCKEYS' GUILD  
 HEALTH PLAN MEMBERS'  
 NAMES AND SOCIAL  
 SECURITY NUMBERS  
 REDACTED  
 (Ca - Es)

\$690.00	(\$4,538.00)
\$280.00	\$3,143.00
\$280.00	(\$75.27)
\$690.00	\$3,196.00
\$280.00	\$1,505.00
\$690.00	\$923.00
\$690.00	\$916.00
\$280.00	\$3,660.00
\$280.00	\$364.00
\$690.00	\$1,935.65
\$690.00	\$1,998.00
\$530.00	\$7,093.00
\$280.00	\$726.00
\$190.00	(\$149.00)
\$280.00	\$534.00
\$690.00	\$6,089.00
\$690.00	\$692.00
\$896.00	\$5,303.00
\$280.00	\$273.00
\$280.00	(\$6,943.00)
\$530.00	\$1,448.00
\$280.00	(\$465.00)
\$690.00	\$2,085.00
\$690.00	\$8,365.00
\$690.00	\$7,643.00
\$690.00	\$2,155.00
\$280.00	\$118.00
\$280.00	\$3,602.00
\$690.00	\$158.00
\$690.00	\$10,130.00
\$690.00	\$5,782.00
\$690.00	\$1,480.00
\$530.00	(\$290.00)
\$690.00	\$5,678.00
\$280.00	\$1,092.00
\$530.00	\$6,414.00
\$690.00	(\$5,393.00)
\$690.00	\$1,480.00
\$530.00	\$9,722.00
\$690.00	\$13.00
\$690.00	(\$509.00)
\$280.00	\$5,519.00
\$280.00	(\$1,369.00)
\$690.00	\$4,444.00
\$280.00	(\$485.00)
\$280.00	(\$1,066.00)
\$280.00	(\$72.00)
\$690.00	(\$4,584.00)
\$690.00	\$5,306.00
\$280.00	\$0.00
\$280.00	\$6,535.00
\$690.00	\$3,492.00

JOCKEYS' GUILD  
HEALTH PLAN MEMBERS'  
NAMES AND SOCIAL  
SECURITY NUMBERS  
REDACTED  
(Es - La)

\$530.00	\$1,843.00
\$690.00	\$7,018.00
\$690.00	\$327.00
\$690.00	\$3,646.00
\$690.00	\$1,333.00
\$690.00	\$2,630.00
\$530.00	(\$620.00)
\$690.00	(\$434.00)
\$690.00	(\$5,402.00)
\$280.00	\$659.00
\$690.00	\$12,824.00
\$280.00	(\$1,426.00)
\$280.00	(\$220.00)
\$530.00	\$3,969.01
\$190.00	\$3,546.00
\$280.00	\$2,154.00
\$690.00	\$5,217.00
\$530.00	\$1,232.00
\$530.00	\$665.00
\$280.00	(\$6,868.00)
\$690.00	\$96.00
\$530.00	(\$405.00)
\$530.00	\$1,160.00
\$690.00	\$2,100.00
\$690.00	\$2,546.00
\$690.00	\$1,326.00
\$190.00	\$14.00
\$530.00	\$5,112.00
\$280.00	\$2,715.00
\$280.00	(\$222.00)
\$280.00	\$1,085.00
\$190.00	(\$508.00)
\$280.00	(\$41.00)
\$690.00	(\$3,140.00)
\$690.00	(\$4.00)
\$280.00	\$2,571.00
\$280.00	\$1,885.00
\$70.00	(\$480.00)
\$530.00	\$950.00
\$70.00	(\$319.00)
\$690.00	\$612.00
\$280.00	\$660.00
\$280.00	(\$60.00)
\$280.00	\$790.00
\$280.00	(\$1,024.00)
\$690.00	\$1,361.00
\$690.00	\$5,407.00
\$690.00	\$1,480.00
\$690.00	\$1,480.00
\$690.00	\$286.00
\$530.00	(\$10,742.00)
\$690.00	\$3,464.00

JOCKEYS' GUILD HEALTH  
 PLAN MEMBERS' NAMES  
 AND SOCIAL SECURITY  
 NUMBERS REDACTED  
 (La - Mu)

\$690.00	\$886.00
\$280.00	\$660.00
\$530.00	\$1,048.00
\$690.00	\$2,324.00
\$280.00	\$169.00
\$280.00	\$9.00
\$690.00	\$8,244.00
\$690.00	\$1,480.00
\$690.00	\$3,958.00
\$690.00	(\$1,110.00)
\$280.00	\$1,465.00
\$280.00	(\$818.00)
\$190.00	(\$42.00)
\$690.00	\$494.00
\$690.00	\$220.00
\$690.00	\$8,995.00
\$690.00	\$2,439.00
\$280.00	\$4,627.00
\$690.00	\$1,503.00
\$530.00	\$2,126.00
\$280.00	\$2,954.00
\$690.00	\$4,308.00
\$690.00	\$1,793.00
\$280.00	(\$1,126.00)
\$280.00	\$2,277.00
\$690.00	\$6,870.00
\$530.00	\$724.00
\$280.00	(\$1,251.00)
\$530.00	\$630.00
\$690.00	\$987.00
\$530.00	\$5,109.00
\$280.00	\$5,464.00
\$280.00	(\$5,863.00)
\$690.00	\$1,480.00
\$280.00	(\$80.00)
\$690.00	\$8,345.00
\$690.00	\$813.00
\$690.00	\$1,335.00
\$690.00	(\$8,644.00)
\$280.00	\$2,572.00
\$690.00	\$5,059.44
\$690.00	\$2,878.00
\$530.00	\$4,331.00
\$690.00	\$3,862.00
\$190.00	(\$421.00)
\$690.00	\$7,593.00
\$280.00	(\$2,848.00)
\$280.00	\$4,049.00
\$690.00	\$11,151.00
\$280.00	(\$820.00)
\$280.00	(\$952.00)
\$280.00	\$321.00

JOCKEYS' GUILD HEALTH  
 PLAN MEMBERS' NAMES  
 AND SOCIAL SECURITY  
 NUMBERS REDACTED  
 (Mu-Ro)

\$280.00	\$246.00
\$530.00	(\$1,066.00)
\$280.00	\$1,278.00
\$280.00	\$153.00
\$690.00	\$5,722.00
\$280.00	\$471.00
\$530.00	\$401.00
\$530.00	\$2,676.00
\$530.00	\$648.00
\$690.00	\$707.00
\$280.00	\$720.28
\$690.00	(\$1,822.00)
\$280.00	\$246.00
\$70.00	(\$981.00)
\$690.00	(\$8,558.00)
\$530.00	\$1,041.00
\$280.00	\$560.00
\$530.00	\$1,567.00
\$690.00	\$2,200.00
\$280.00	(\$964.00)
\$280.00	(\$185.00)
\$280.00	\$631.00
\$280.00	\$261.00
\$530.00	\$1,146.00
\$690.00	\$829.00
\$690.00	\$8,180.00
\$690.00	\$1,424.00
\$690.00	\$2,467.00
\$690.00	\$2,497.00
\$690.00	\$642.00
\$690.00	(\$8,516.00)
\$280.00	\$470.00
\$280.00	\$6,330.00
\$263.93	\$1.20
\$690.00	\$780.00
\$690.00	(\$6,481.00)
\$690.00	(\$2,233.00)
\$280.00	\$1,116.00
\$280.00	\$132.00
\$690.00	(\$145.00)
\$690.00	\$2,777.00
\$530.00	\$2,689.00
\$690.00	\$8,982.00
\$280.00	(\$937.00)
\$690.00	\$3,477.00
\$690.00	\$1,480.00
\$280.00	\$982.00
\$690.00	\$2,956.00
\$280.00	\$541.00
\$280.00	\$660.00
\$690.00	\$5,459.00
\$690.00	\$664.00

JOCKEYS' GUILD HEALTH  
 PLAN MEMBERS' NAMES  
 AND SOCIAL SECURITY  
 NUMBERS REDACTED  
 (Ro - Ve)

\$690.00	\$7,099.85
\$280.00	\$1,452.85
\$690.00	\$1,593.00
\$690.00	\$1,025.00
\$260.00	\$1,882.00
\$280.00	\$201.00
\$280.00	\$660.00
\$690.00	\$1,137.00
\$690.00	\$628.00
\$280.00	\$6,639.00
\$690.00	\$395.00
\$690.00	\$1,454.00
\$690.00	\$948.00
\$280.00	\$232.00
\$690.00	\$19,185.00
\$690.00	\$5,679.00
\$690.00	\$13,306.00
\$280.00	\$1,183.00
\$690.00	\$2,667.00
\$530.00	\$1,160.00
\$690.00	\$1,015.00
\$690.00	\$1,319.00
\$280.00	(\$1,166.00)
\$280.00	\$254.00
\$690.00	(\$587.00)
\$530.00	\$1,094.00
\$280.00	\$1,074.00
\$690.00	\$1,126.00
\$690.00	\$5,064.00
\$690.00	\$1,238.00
\$280.00	(\$1,177.00)
\$530.00	\$892.00
\$690.00	\$12.00
\$280.00	\$1,130.00
\$280.00	\$387.00
\$530.00	\$885.00
\$690.00	\$2,290.00
\$280.00	\$2,158.00
\$530.00	(\$1,099.00)
\$690.00	\$1,364.00
\$690.00	(\$267.00)
\$690.00	\$12,759.00
\$280.00	(\$2,498.00)
\$280.00	\$882.00
\$280.00	\$2,516.00
\$690.00	\$5,757.00
\$690.00	\$4,464.00
\$280.00	\$3,773.00
\$690.00	\$8,528.00
\$140.00	\$699.00
\$690.00	\$7,519.00
\$590.00	(\$2,426.00)

JOCKEYS' GUILD HEALTH PLAN MEMBERS' NAMES AND SOCIAL SECURITY NUMBERS REDACTED (V - Z)	\$280.00	(\$1,871.00)
	\$690.00	\$921.00
	\$280.00	\$233.00
	\$690.00	(\$5,724.00)
	\$690.00	\$1,832.00
	\$530.00	\$1,158.00
	\$280.00	\$0.00
	\$280.00	\$2,356.00
	\$280.00	\$4,860.00
	\$690.00	\$1,079.00
	\$280.00	\$5,588.00
	\$530.00	(\$1,103.00)
	\$690.00	\$1,333.00
	\$280.00	\$625.00
	\$280.00	\$113.00
	\$280.00	\$1,202.00
	\$280.00	\$4,009.00
	\$280.00	\$618.00
	\$690.00	(\$2,180.00)
	\$690.00	\$7,304.00
	\$690.00	\$4,579.00
	\$280.00	\$1,650.00
	\$690.00	\$7,057.00
	\$280.00	(\$2,098.00)
	\$690.00	\$1,480.00
	\$690.00	\$508.00
	\$280.00	\$5,656.00
	\$280.00	\$660.00
	\$690.00	\$943.00
	\$280.00	(\$2,243.00)
\$280.00	\$781.00	
\$530.00	\$0.00	
\$280.00	(\$1,896.00)	

[REDACTED]

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**From:** Rosy De Sanctis [REDACTED]  
**Sent:** Monday, November 10, 2003 3:20 PM  
**To:** esouth@jockeysguild.com; gasatryan@jockeysguild.com; 'Stephen J. Rice';  
trichardson@jockeysguild.com  
**Subject:** SILVA, CARLOS H. [REDACTED] - Carlos Jr. was denied coverage when filling a prescription  
**Importance:** High

Eric:

Mrs. Silva called today to let us know Carlos Jr. tried to fill out a prescription today and was told by the pharmacist he has no coverage.

I advise Mrs. Silva to fax to our office a copy of the prescription and the receipt showing the amount spent getting Carlos Jr.'s medication. I will be calling P5 as soon as I get the requested fax so I can take care of this matter.

Also Mrs. Silva wants to know the status of reimbursements for previous prescriptions they tried to fill out but were told they are not cover by pharmacist. Please follow up on this ASAP. They have been having a lot of problems when using the Guild's HIP.

I have a question of anybody who might have an answer:  
What is the process to reimburse our members for money spend on prescriptions? Who is in charge of making and sending those checks? Please let me know  
Thanks,  
Rosy

9/13/2005

**Minutes of the Delaware Jockey's Health  
& Welfare Benefit Board Meeting  
Thursday, July 21, 2005**

The Delaware Thoroughbred Racing Commission met at the Delaware Park with the following individuals in attendance:

**Committee Members Present**

Edward J. Stegemeier, <i>Chairman</i>
Jennifer Bramblett, <i>Jockey</i>
Ramon Dominguez, <i>Jockey</i>
Bernard J. Daney, <i>Ex Officio Member</i>
William Fasy, <i>COO, Delaware Park</i>
Albert Fiss, <i>Jockey's Guild</i>
Michael McCarthy, <i>Trainer</i>
Patricia Murphy, Esq., <i>Commission Counsel</i>

**Others Present**

Sharon Dominguez, <i>member of the public</i>	H. James Decker, <i>DTRC Commissioner</i>
John F. Wayne, <i>Executive Director</i>	Larry Saumell, <i>Jockey's Representative</i>
	Jo Ann M. Price, <i>Administrative Specialist I</i>

Welcome/Call to Order

Chairman Stegemeier called the meeting to order at 10:17 a.m., and welcomed those in attendance. He expressed his disappointment and frustration with the lack of real progress in resolving issues that existed when these meetings began. Some issues need resolution today.

- ❖ *Jockey Lists Requested:* Mr. Daney noted discrepancies between his records and the Guild's lists previously received. He asked for current, updated lists of the covered and new jockeys who have made the 50-ride requirement for 2004 and 2005.
- ❖ *Refusal of Insurance Coverage:* Mr. Daney also asked if registered letters were sent to inform jockeys of their options, as some jockeys are unaware of them. Mr. Fiss acknowledged that registered letters are mailed. Ms. Bramblett confirmed that jockeys are contacted regarding administrative costs, even if they are not members of the Guild.
- ❖ *December 2004 Audit:* Mr. Daney also requested a breakdown of the disabled jockey funds, life insurance costs, and how the health, dental, and self insurance vision cost figures were arrived at. The Board needs clarification in order to give the Guild the moneys owed. Mr. Asatryan was invited to contact Mr. Daney directly.



- ❖ *Secondary Health Care:* Chairman Stegemeier asked if the Guild asks if jockeys have health care from another source. The jockeys are asked to complete the Guild's questionnaire, which includes this question. It is the jockey's choice to consider the Guild coverage as primary or secondary.
- ❖ *Jockey's Standings List:* Mr. Daney asked if the Guild is receiving the jockey's standings lists, as there is a jockey under the assumption he would not have to pay any premiums. Mr. Fasy confirmed they are being sent. Mr. Fiss agreed to send a report notifying the Board of who has responded to their offer of Guild insurances. Commissioner Patterson emphasized the need for education, so the jockeys understand how important it is. A form has been created to document refusal of Guild benefits. Mr. Saumell suggested a meeting be set up next month with all the Delaware jockeys to make them aware of the benefits. Mr. Daney will attend. Mr. Fiss will provide Mr. Fasy a copy of the checklist and the forms received so far.
- ❖ *Trust Monies:* Commission Counsel spoke to Ms. LaPlant at BB&T about the return of the trust monies. The Guild has the power to cancel the trust. Ms. LaPlant will accept a regular letter to instruct her to cancel the trust and move the monies, but the letter has to come from someone in the Guild who is a plan administrator on the old list. This is the only list the Bank has. Mr. Fiss said the bank should have the new letter, but he will have someone write the letter. Mr. Daney explained that the check should be made out to the State of Delaware, Department of Agriculture (DDA.) Last year's Senate Bill 338 directed the change in policy. The amounts of monies in the Kentucky and Delaware accounts were discussed.
- ❖ *Agreement Proposed by Guild:* Commission Counsel's opinion was that the Board has no legal authority to sign such an agreement. Also, other problems were raised by Delaware Park, which could be addressed. Her understanding was that there would not be a written agreement, although she could draft something if the Board decided to do that. Many changes would need to be made to the present draft.
- ❖ *Composition of Committee:* The Governor does not appoint the members; the statute directs the number and composition of the Board, and the Thoroughbred Commission appoints the members. There has been no official notification of a replacement for Mr. Castillo. Mr. Dominguez has been sitting in temporarily, but will have frequent commitments out of town. A possible replacement was discussed. Mr. Daney recommended that Juan Umana be appointed. This needs to be resolved. For today's voting purposes, a quorum is present.
- ❖ *Motion to Pay Monies Owed:* Mr. Fasy made a Motion for the Board to pay the monies (approximately \$147,000) owed to the Guild. Michael McCarthy seconded. Mr. Fiss abstained. All other members voted affirmatively.
- ❖ *Resolution to Transfer Kentucky Monies:* Mr. Fasy also made a Motion that the Guild be directed to immediately transfer the \$527,000 to the account at the Department of Agriculture. Michael McCarthy seconded. Mr. Fiss abstained. All other members voted affirmatively. Mr. Fiss will get this done by next Friday and will copy the Board on any letters sent to Ms. LaPlant.
- ❖ *Coverage of Jockeys:* The Chairman asked if all qualified jockeys are being covered, if any jockeys who are not qualified are being covered and what the actual insurance coverage is. Mr. Fiss surmised possibly Tony Black and all the retired jockeys are being covered. All jockeys who have just gained eligibility have been asked to take the physical, but Mr. Fiss doesn't know who they are.
- ❖ *Proposed Options:* The Chair emphasized that it is time for resolution, as the AG's office said the agreement the Guild proposed is not something they should sign and the Guild is issuing benefits without limit; this takes away authority from this Board. He sees three possible options: 1) Find a way to negotiate an agreement and have the Guild administer it. The

negative is that this is not the best use of the funds, and there would be no control over the coverage or who participates. 2) Have the Guild bill each jockey for the full amount of insurance, and have the Board pay the retired jocks the amount the Guild is currently paying (17.2 %.) Non-Guild members would be required to pay the same amount the Guild members get and would have to show proof of their policies. It was suggested the Horsemen's bookkeeper could play a role in this, but Mr. Fasy would have to look into it. The Board does have the ability to hire an administrator to handle these funds. This would be a \$500 savings to the jockeys, and there would be an accurate accounting of who would be covered, as the jockeys would be asking for the money. The negative is the Guild would determine the type of coverage for each jockey. 3) Develop a local qualified plan for the jockeys, such as Blue Cross Blue Shield. All qualified jockeys would be covered, the Board has a say, and there is the \$500 savings. The negative would be running the risk of increased costs due to the smaller number of group participants to work with, which could lead to greater difficulty in obtaining a plan. Fortunately, most jockeys have lower claim rates. They are generally younger in age. Mr. Fiss added that another advantage would be a potential in the third option of having a plan that does not exclude work related injuries. The single largest negative of the Guild's plan is that it does not cover medical expenses due to on-track injuries. A family health insurance plan for eligible Delaware jockeys does not have an exclusion or rider for medical claims for on-track injuries.

- ❖ *Former Guild Plan:* Mr. Fiss explained in the former plan, which was cancelled, Ulico did not have a rider stipulating that work related injuries were not covered. In April 2001 the Guild cancelled the family health policy for Delaware, California and permanently disabled family members and purchased a million dollar catastrophic policy through the same broker. Mr. Fasy did not recommend the Board considering including catastrophic insurance, as more funding would be needed. Mr. Fiss agreed, stating that since Delaware Park has stepped up with a million dollar policy, the missing piece is a long term disability policy.
  - *Discussion of Options:*
    - *Affordability:* Ms. Bramblett felt Option 2 would be tough, even though it saves money, because nobody would do it. She liked Option 3, even though it was more expensive. This would only be for 30-40 riders.
    - *Research Option 3:* The Chairman will take the initiative to research Option 3, and has already spoken to some insurance representatives.
    - *Fraud for Track Related Illnesses:* Mr. Fiss offered the three components to consider are the insurance company, the network of doctors and hospitals and the plan administrators. The benefit of the Guild's plan is that it is a national network, so wherever there will be a doctor or hospital relatively close to where the jockeys ride. The insurance has a very high deductible (\$75,000) that the Guild pays. Until that deduction is exhausted, a third party comes in and pays the bills. There was fraud on the part of the jockeys using the old family health plan for track related injuries. At the hospital, the jockeys gave the Guild card, and so the Guild was paying about 50% of all medical claims, which actually were work related. That number is now down to less than 1%. This becomes the Board's dilemma if they go with a third party. Commissioner Patterson commented that the Board would only be dealing with 30 jockeys, not hundreds.
    - *No RFP:* The Chairman suggested working with one insurance agent, who would come up with options, as the RFP process requires preparation of the RFP, asking each group to submit their proposals to them, and is a long, drawn out process. Mr. Fasy suggested asking for three proposals, and have

the Guild supply the costs/participant for just jockeys and for non-Guild members for comparison. Mr. Fiss added that HIPPA laws will restrict him, but he will get the information to the Board.

- *Cost of Benefits:* Mr. Fiss said the most difficult part is to determine what the costs are for the benefits. Chairman Stegemeier suggested asking the participants what coverage they wanted and offering a breakdown of the cost for each benefit. They would allow them to make the decision.
- *Fourth Proposal:* Mr. Fasy suggested a fourth proposal—that the Guild administrate the plan as is, and the Board add whatever additional insurance it wants. Maybe the Board could pay the \$1,000, so the jockeys wouldn't have to pay a premium, or take the \$200 they are paying and buy something else with that.
- *Preferred Doctors Not in Current Network:* Ms. Bramblett said riders have complained that they cannot use the doctors they want or they have to pay a lot more out of their pocket. Mr. Fiss suggested encouraging the doctors to join the network.
- *Security of Fund Monies:* Mr. Fiss asked for clarification regarding the monies that will be in the account at DDA. Will the legislators see it not being used and appropriate it for another use? The total was estimated at close to a million dollars. Mr. Wayne explained that the Senate Bill earmarked those monies for a specific purpose. The fund is protected as racing money, and will stay in that fund account. \$360,000 has been added for the 2006 fiscal year. There's approximately an excess of \$500,000, with no restrictions on the money. Chairman Stegemeier added that the money will generate interest and the Board could go out and generate additional coverage with it. Mr. Wayne asked if the increased costs would justify a surplus. Mr. Fasy said insurance companies do yearly forecasts of where the losses will be. Mr. Fiss added most insurance companies look at a profit margin of 25%. They don't want to see claims go above 75%, so the Board could almost expect a 6% yearly increase on an administrative basis.

*Motion:* Mr. Daney made a Motion for the Board to take the four alternatives, get the expected cost for each alternative and evaluate the results to determine the best alternative. Ms. Bramblett seconded. Mr. Fiss abstained. All other members voted affirmatively.

Chairman Stegemeier will contact Mike Taylor of The Zutz Group and report back to the Board with some recommendations. No further meetings will be scheduled until this information is obtained. Ms. Bramblett was concerned a local plan might hurt jockeys if they move out of the state. Mr. Fiss said anybody who is a Guild member can participate in the Guild's plan if they pay their premium and have a physical to determine any pre-existing conditions.

*Requirements for Delaware Riders:* Ms. Bramblett has spoken to numerous riders, who feel getting the 50 mounts in this colony is difficult enough. She asked if there was a way to give an option to the 5-6 riders who don't always get the 50 mounts. Chairman Stegemeier responded as the group swells in number, the benefits will have to be lowered to keep the costs under control. There is an average of 30-35 Delaware riders. There were 45 Delaware riders in 2004. Some will not be covered next year. Mr. Fiss said he could look at establishing a second level for say, 30-50 rides for the meet, but it would be a higher cost for the jockeys.

*Regulations Needed:* Commission Counsel reminded the Board to determine what makes Delaware riders eligible, as this should be legislated. Mr. Fasy added that a clarification of retired rider's options should be made.

Old Business

*Insurance Status of King Family:* Mr. Fiss is waiting for the results of their physicals. Chairman Stegemeier spoke to Mrs. King. The Board has received letters stating the family wants the extra coverage through the Guild. Mr. Saumell offered Mr. King also has insurance through Kentucky, and is looking for more. Mr. Stegemeier said the issue is if he is qualified for the Guild's insurance.

New Reins

The Guild is endorsing a new set of reins; Mr. Saumell brought them to show the Board. The reins are a safety feature to prevent them from breaking during a race which may cause an accident.

Adjournment

At 11:35 a.m., Mr. McCarthy moved to adjourn, Mr. Fiss seconded, and the Motion passed unanimously.



## THE JOCKEYS' GUILD MEMBER BENEFITS

### THE JOCKEY GUILD'S PURPOSE:

The Guild promotes, protects, and serves the welfare and prestige of the American professional jockey community with integrity, equity, and justice.

### WHO IS ELIGIBLE?

Anyone who holds a valid jockey license, is in good standing in all racing Jurisdictions, and has ridden one mount in the previous 12 months.

### WHAT ARE THE BENEFITS?

- An organization, controlled by its members, that encourages participation.
- Representation of Jockeys inside and outside the racing industry.
- Collective Bargaining through legislative, lobbying efforts, and employer negotiations.
- Eligibility to participate in a health, dental, and prescription drug plan.
- Eligibility to participate in a retirement plan.
- Temporary Disability Income of \$200 per week above the Guild/TRA agreement and \$100 per week in worker's comp states for up to 2 years.
- Disable Jockey Program that includes disability and health insurance for you and your family for the rest of your life.
- Eligibility to participate in the Guild's Disabled Jockeys Trust Fund.
- Life insurance of \$50,000 that increases to \$100,0000 if you ride 500 races annually or have 10,000 lifetime mounts in your Guild membership.
- Management team dedicated to serving Spanish and English speaking members.
- Email forwarding with yourname@jockeysguild.com

### HOW MUCH DOES IT COST?

An initiation fee of \$100, annual dues of \$100, and assessment of \$3 per mount.

### HOW CAN I JOIN?

Call 866-GOJOCKS (866.465.6257) and ask for a new member package or Ask your local Jockeys' Guild delegate at any racetrack.

**THE JOCKEYS' GUILD  
TOOLS**

**A. VISUALS**

1. The \$10 Plan
2. "NETWORTH"
3. Bill of Rights
4. Endowment Patch
5. Rubber Bands
6. Jockey Name Plates
7. Colony Placards
8. Delegate Plaques
9. Arcaro Colony Shirts
10. Handcuffs
11. Bacon and Eggs

**B. DOCUMENTS**

1. By-Laws
2. TRA Proposal
3. Labor-Management Agreement
4. Commission Recommendations
5. Premises Liability Boilerplate

**C. ACTION**

1. Regional Workshops
2. Member Discipline
3. Job Action
4. Jail Time
5. No Where vs. Now Here
6. Line of Commitment

**THE JOCKEYS' GUILD  
CHALLENGES**

**A. SOLIDARITY**

1. 1200 Members
2. 1200 Media Contracts Signed
3. 1200 Yellow Cards Signed
4. 164 Delegates and Alternates

**B. SABOTEURS**

1. Apathy
2. Desire to See the Guild Fail
3. Greed
4. Hypocrisy
5. False Reports to State Boards
6. Robert Colton
7. JMG and Wietsma

**C. ENEMY COMMENTS**

1. "I fully support the Guild, but . . ."
2. "Dr. is a Communist!"
3. Any demand that the Guild disprove a negative
4. "No one loves the jockeys more than I do, but . . ."

**D. WEAPONS**

1. 25 Arcaro Colonies
2. 45 Voluntary Attorneys
3. \$5 Million War Chest
4. \$10 Million Endowment

THE JOCKEYS' GUILD  
WAR PLANS

**A. TRA Negotiations**

1. First Meeting in December, 2002
2. Proposal Completed in February, 2003

**B. Commission Rule Recommendations**

1. Drafting Begun in May, 2004
2. "Scale of Weights" presented to the CHRB in May, 2004

**C. Guild-Track Contracts**

1. Agreement Completed in May, 2004
2. Magna Informed in May, 2004
3. Discussions with Curchill Downs
4. New California Labor Law and Workers' Comp

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**D. Federal Media Rights**

1. Richard A. Wallen, esq. engaged in June, 2004
2. Media Rights Contract redrafted by June, 2004
3. 1000 Media Contracts signed by July, 2004
4. File for Declaratory Relief (or Judgement)
5. File for a Cease and Desist Order

**E. Health and Safety Litigation**

1. Government Agencies (OSHA, EPA, Health Departments)
2. Animal Protection Organizations (SPCA, et.al.)
3. Premises Liability Suit Boilerplate
4. Involuntary Confinement vs. False Imprisonment
5. Gross Negligence vs. Depraved Indifference

**F. NLRB Action**

1. 1000 Yellow Cards signed by July, 2004
2. Meeting with NLRB Official to be scheduled



**TRUST AGREEMENT**  
governing the  
**DISABLED JOCKEYS FUND**

AGREEMENT OF TRUST made as of July 1, 1991 between JOCKEYS' GUILD, INC., a New York corporation having its principal office at 250 Main Street, Suite 1820, Lexington, Kentucky 40507 (hereinafter called the "Guild"), as grantor, and BANK OF LEXINGTON & TRUST COMPANY, a Kentucky corporation having its principal place of business at Lexington Financial Center, 251 West Vine Street, Lexington, Kentucky 40507-1613, as trustee (such trustee, or any successor trustees acting hereunder, being hereinafter called the "Trustee").

**W I T N E S S E T H :**

WHEREAS the Guild is a not-for-profit corporation organized and operated for the purpose, among others, of furnishing voluntary financial aid to needy jockeys in the thoroughbred racing industry; and

WHEREAS the Guild is classified, for federal income tax purposes, as a social welfare organization to which contributions are not deductible as charitable contributions; and

WHEREAS many members of the general public wish to contribute toward the cost of caring for those jockeys who are disabled as a result of accidents incurred in the thoroughbred racing industry; and

WHEREAS the Board of Directors of the Guild wishes to establish a trust to which members of the general public can contribute and secure income tax deductions for their contributions; and

WHEREAS this Trust Agreement provides for the establishment of a committee (hereinafter called the "Committee") to advise the Trustee about the names and needs of disabled jockeys;

NOW, THEREFORE, the Guild hereby establishes a trust with the Trustee consisting of \$100, receipt of which the Trustee hereby acknowledges, and such other property as may from time to time be contributed to the trust by the general public, and the Trustee agrees to act as Trustee hereunder and to hold all property received by it as Trustee and any other property into which the same or any part thereof may from time to time be converted, together with any appreciation therein and income thereon (all such property being hereinafter called the "Trust Fund") IN TRUST, for the charitable purposes described herein and to invest and reinvest all such property and apply the same, after the payment of all necessary expenses, for the care of disabled jockeys upon the following terms and conditions:

ARTICLE FIRST  
NAME

The Trust Fund created hereby shall be known as the "DISABLED JOCKEYS FUND".

MAY 1978-2002 10:00 Jockey Club, Inc.

ARTICLE SECOND  
CONTRIBUTIONS

The Trustee shall accept any cash, and may accept any other property, which is tendered to it without restrictions as charitable contributions hereunder.

ARTICLE THIRD  
INVESTMENT OF FUNDS

The Trustee is authorized and empowered in its sole discretion to invest and reinvest that portion of the Trust Fund which is not required currently for charitable purposes in such securities or other property, real or personal, within or without the United States, as it shall deem proper, regardless of whether or not the same shall be of the kind commonly regarded by law as proper investments for trust funds. The Trustee may in its sole discretion keep all or any part of such portion of the Trust Fund in cash or cash balances as the Trustee may from time to time deem advisable and shall not be required to pay interest on any such cash or cash balances.

ARTICLE FOURTH  
DISTRIBUTIONS

The Trustee shall pay or apply all of the net income of the Trust Fund annually, and such portion of the principal of the Trust Fund from time to time as it deems appropriate, to or for the benefit of those jockeys, apprentice jockeys, former jockeys and former apprentice jockeys in the thoroughbred and quarter horse racing industry who have been injured in accidents in such

industry and who are permanently or temporarily disabled by reason of such injuries (hereinafter called "Disabled Jockeys"), and to or for the benefit of their families, in such amounts and upon such terms as the Trustee in its sole discretion shall determine applying the criteria in Article FIFTH hereof. In the exercise of its discretion, the Trustee may from time to time select the particular purposes for which such distributions are to be made, decide how such distributions are to be made, restrict the purposes for which a distribution is to be used, subsequently remove such restrictions and in general take such further action as it deems appropriate.

ARTICLE FIFTH  
CRITERIA

Distributions shall be made on an objective and nondiscriminatory basis. Distributions for the benefit of the Disabled Jockey shall be made primarily on the basis of need, but with due regard to the cost of the care or equipment required by his condition in relation to his resources. Distributions may be made, by way of example and not by way of limitation, to purchase equipment for the Disabled Jockey which will alleviate his medical condition (such as a hospital bed) or make it easier for him to move about (such as a wheelchair), to pay for surgery and transportation relating to surgery or medical care or to provide therapy or vocational training. Distributions may also be made to assist the Disabled Jockey and his family in times of financial hardship occasioned by his disability. No distribution

shall be made which would have the effect of reducing the amount to which the Disabled Jockey would otherwise be entitled under any public or private insurance policy or program.

ARTICLE SIXTH  
COMMITTEE

The Committee, acting through a majority of its members as from time to time constituted, shall advise the Trustee of the names and particular needs of Disabled Jockeys. All information furnished to the Trustee by the Committee shall be in writing, properly certified by a member thereof. The Trustee shall be fully protected in relying upon all such written advice received from the Committee and shall be under no obligation to determine whether such advice has in fact been properly given.

ARTICLE SEVENTH  
MEMBERSHIP OF COMMITTEE

The Committee shall consist of the President of the Guild, ex officio, and of such other individuals (who need not be members of the Guild), not in excess of four nor less than two, as shall have been designated by the Guild from time to time in written instruments that have been executed by the Guild, endorsed with the acceptance of the individuals designated therein and filed with the Trustee. The Guild shall have the power to remove any member of the Committee by advising such member in writing of his removal and filing a signed copy of such written advice with the Trustee. Any member of the Committee shall have the right to resign his membership upon giving ten days prior

written notice of resignation to the Guild and by sending a signed copy of such written notice to the Trustee. No member of the Committee shall be entitled to receive compensation for his services hereunder. No person shall incur any liability for his acts as a member of the Committee.

ARTICLE EIGHTH  
PROHIBITED ACTIVITIES

Notwithstanding any other provision of this Trust Agreement, the Trust shall not carry on any activities which may not be carried on (i) by an organization which is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (hereinafter called the "Code") or (ii) by an organization, contributions to which are deductible under Section 170(c)(2) of the Code. More particularly:

(a) No part of the net earnings of the Trust shall be permitted to inure to the benefit of any private individual having a personal and private interest in the activities of the Trust;

(b) No substantial part of the activities of the Trust shall be carrying on propaganda, or otherwise attempting to influence legislation (except as otherwise permitted by Section 501(h) of the Code); and

(c) The Trust shall not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

ARTICLE NINTH  
POWERS OF TRUSTEE

The Trustee is authorized and empowered to exercise from time to time in its absolute discretion and without prior authority from the Committee, the Guild, any court or any other person, all of the powers and discretions granted by law, and in addition thereto and not by way of limitation, the following powers in respect of any property, real or personal, in its possession hereunder, it being intended that these powers be construed in the broadest possible manner:

(a) Power to retain any securities or other property received as a contribution or in exchange for, or as a dividend or distribution with respect to, securities or property held by it.

(b) Power to sell any securities or other property held by it at public or private sale for cash or upon credit or partly for cash and partly upon credit and upon such terms and conditions as it shall deem proper. No purchaser shall be bound to see to or be liable for the application of the proceeds of any such sale.

(c) Power to exchange any securities or property held by it for other securities or property or partly for such securities or property and partly for cash, and to exercise conversion, subscription, option

and similar rights with respect to any securities held by it, and to make payments in connection therewith.

(d) Power to vote in person or by proxy at corporate or other meetings and to participate in or consent to any voting trust, reorganization, dissolution, merger or other action affecting any securities in its possession or the issuers thereof, and to make payments in connection therewith.

(e) Power to borrow in the name of the trust such sums for such periods and upon such terms as it shall deem necessary or convenient in the administration of the Trust Fund and to secure any such loan by mortgage or pledge. No lender shall be bound to see to or be liable for the application of the proceeds, and the Trustee shall not be personally liable, but each such loan shall be payable only out of assets of the Trust Fund. Any such loan may be made by a corporation which is also acting as Trustee hereunder at the prevailing rate of interest.

(f) Power to register any securities held for the Trust in its name, or in the name or names of one or more of its nominees, with or without indicating that it holds the same as Trustee, or to permit such securities to be deposited with or registered in the name of a clearing corporation or central depository regulated by the United States Securities and Exchange



Commission, or the nominees of either, or to be held in book-entry form at any Federal Reserve Bank or any such clearing corporation or central depository, and to permit the beneficial ownership of such securities by the Trust to be evidenced solely by its records and statements or those of its nominee, and by its security positions, or those of its nominee, with such clearing corporation, central depository or Federal Reserve Bank.

(g) Power to compromise and adjust all debts or claims due to or made against it.

(h) Power to make distributions in cash or in specific property, or an undivided interest therein, or partly in cash and partly in such property.

(i) Power to apply any property distributable to an infant to the maintenance and education of such infant or to pay or deliver the same to such infant or to a guardian or parent of such infant or to a custodian for such infant under the Uniform Gifts to Minors Act of any state, or to a person with whom such infant resides. The receipt of any such infant, guardian, parent, custodian or person shall be a full discharge for all property so applied.

(j) Power to retain counsel, employ agents and provide for such clerical, actuarial, accounting

and other services as may be required to carry out the provisions of this Trust Agreement.

ARTICLE TENTH  
ACCOUNTS

The Trustee shall maintain the accounts of the trust on the basis of a calendar year. It shall render to the Guild, at the close of each calendar year and at such other times (not exceeding twice in any fiscal year) as the Guild may direct, an account consisting of a statement of the assets of the trust at the close of the accounting period and a statement of the transactions of the trust since its last account. The Guild may approve such account by an instrument in writing delivered to the Trustee. In the absence of the filing with the Trustee by the Guild of exceptions or objections to any such account within sixty (60) days after it is received, the Guild shall be deemed to have so approved such account. In such case, or upon the written approval of the Guild of any such account, the Trustee shall be released, relieved and discharged from all liability to all persons then or thereafter interested in the Trust Fund with respect to all matters and things set forth in such account as though such account had been settled by the order or judgment of a court of competent jurisdiction. No person other than the Guild may require an account or bring any action against the Trustee with respect to the Trust Fund or its actions as Trustee, and except in the case of an action by the Guild, the Trustee

shall not be required to render any account, annually or otherwise, to any court.

ARTICLE ELEVENTH  
COMPENSATION AND EXPENSES OF TRUSTEE

The Trustee shall be entitled to receive such reasonable compensation for all services rendered hereunder as may be agreed upon from time to time between the Guild and the Trustee. Such compensation and all reasonable and proper expenses incurred in the administration of the Trust Fund, including but not limited to the charges and expenses of any agent employed by the Trustee, the fees and disbursements of any counsel retained by the Trustee, and all income and other taxes levied or assessed under existing or future laws against the Trust Fund or the Trustee in respect thereof, shall be paid out of the Trust Fund, and until so paid shall constitute a charge thereon. All payments under this Article may be made without the approval of the Committee or the Guild. Notwithstanding any other provision of this Trust Agreement, the Trustee shall not be required to defend any action or incur any expense unless it holds sufficient funds in the Trust Fund to pay the cost thereof or it is satisfied that such funds will be made available therefor.

ARTICLE TWELFTH  
LIABILITY OF TRUSTEE

Every action taken by the Trustee shall be presumed to be a fair and reasonable exercise of the powers vested in or of the duties imposed upon it. The Trustee shall be deemed to have

exercised reasonable care, diligence and prudence and to have acted impartially as to all persons unless the contrary be proved by affirmative evidence. The Trustee shall not be liable for losses arising from depreciation or shrinkage in the value of any property herein authorized to be held or acquired so long as it shall have been acting in good faith and without gross negligence. The Trustee shall be exempt from giving bond or other security in any jurisdiction.

ARTICLE THIRTEENTH  
SUCCESSOR TRUSTEE

The Trustee may resign at any time by giving written notice to the Guild. The Guild may remove the Trustee at any time by giving written notice to the Trustee. In the case of the resignation or removal of the Trustee, the Guild shall appoint a successor Trustee, which shall in every case be a corporation duly qualified to so act. Any Trustee who shall have resigned or been removed shall account to the Guild for the administration of the Trust Fund up to the date of its resignation or removal, in the manner provided in Article TENTH hereof, and upon the approval of such account and the acceptance by the successor Trustee of the trust, shall transfer and deliver to the successor Trustee all of the assets then constituting the Trust Fund. In the event of the resignation or removal of a Trustee, such Trustee shall receive the compensation to which it is entitled.

ARTICLE FOURTEENTH  
REVOCATION

This Trust Agreement may not be revoked.

ARTICLE FIFTEENTH  
AMENDMENTS

The Guild may amend this Trust Agreement at any time and from time to time by delivering to the Trustee an instrument of amendment executed and acknowledged in like manner as a deed to be recorded in the Commonwealth of Kentucky, but only to such extent as may be necessary to secure or maintain the status of the trust as an organization which is exempt from federal income tax by reason of Section 501(c)(3) of the Code and as an organization contributions to which are deductible under Section 170(c)(2) of the Code. Any amendment of the provisions presently set forth in this Paragraph, or in any further amendment of such provisions, shall be valid only if and to the extent that such amendment does not broaden the amending power of the Trustees. No amendment changing the duties or liabilities of the Trustee shall be effective unless the Trustee consents thereto in writing.

ARTICLE SIXTEENTH  
TERMINATION

The Guild may terminate this Trust Agreement and the trust hereby created at any time by delivering to the Trustee an instrument of termination executed and acknowledged in like manner as a deed to be recorded in the Commonwealth of Kentucky.

Upon the termination of the trust, the Trustee, after paying all its proper expenses in administering and closing out the Trust Fund and paying itself any compensation to which it may be entitled, shall distribute the Trust Fund to and among such organizations which are described in Section 501(c)(3) of the Code and to which contributions are deductible under Section 170(c)(2) of the Code as the Trustee in its sole discretion shall select.

ARTICLE SEVENTEENTH  
NOTICES

Any notice, account or document that either party is required or permitted to give the other party shall be deemed to have been given if mailed to the other party at the address of such other party first above written, unless such other party shall have designated some other address for this purpose in a notice given in accordance with this Article, in which case the same shall be deemed to have been given if mailed to such other address.

ARTICLE EIGHTEENTH  
SUCCESSORS AND ASSIGNS

This Trust Agreement shall be binding upon the respective successors and assigns of the Guild and the Trustee. Any corporation which shall, by merger consolidation, purchase or otherwise, succeed to substantially all the personal trust business of the Trustee, shall, upon such succession and without

any appointment or other action by any person, be and become successor Trustee hereunder.

ARTICLE NINETEENTH  
GOVERNING LAW

This Trust Agreement shall be construed in accordance with, and the trust hereby created shall be governed by, the laws of the Commonwealth of Kentucky. In the event of any conflict between the text of any provision of this Trust Agreement and the heading thereof, the text shall be controlling.

IN WITNESS WHEREOF, the Guild and the Trustee have executed this instrument as of the day and year first above written.

(Corporate Seal)

ATTEST:

[Signature]  
SECRETARY

JOCKEYS' GUILD, INC.

BY

[Signature]  
PRESIDENT

BANK OF LEXINGTON & TRUST COMPANY  
as Trustee

(Corporate Seal)

ATTEST:

[Signature]

By

[Signature]

STATE OF )  
 ) SS.:  
 COUNTY OF )

LORRAINE R. AIELLO  
 Notary Public, State of New York  
 No. 30,488,208  
 Qualified in Nassau County  
 Commission Expires 3-30-93

On the *21* day of *August*, 1991, before me personally came *JERRY BAILEY*, to me known, who, being by me duly sworn, did depose and say that he resides at No. \_\_\_\_\_; that he is of JOCKEYS' GUILD, INC., the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors, and he signed his name thereto by like order.

*Lorraine R. Aiello*  
 \_\_\_\_\_  
 Notary Public



RD-01-2002 10:00 SOCIETY OF CHIEF CLERKS

STATE OF KENTUCKY )  
                          ) ss.:  
COUNTY OF FAYETTE )

The foregoing instrument was acknowledged before me  
this 25<sup>th</sup> day of September, 1991, by Barry Hickey  
Asst. Vice President - Trust Officer (name and title), of BANK OF  
LEXINGTON & TRUST COMPANY, a Kentucky corporation, on behalf of  
the corporation.

My commission expires 6/26/95

        Gandia Merrick          
Notary Public

Tab 42

**Disabled Jockeys' Fund**  
**Interim Revenue Service Form 990**  
**Return of an Organization Exempt from Income Tax**  
**Summary 1997 thru 2002**

Year	2002	2001	2000	1999	1998	1997
Fund Balance beginning of year	\$ 1,327,083	\$ 1,215,424	\$ 1,011,703	\$ 819,183	\$ 547,087	\$ 431,956
Revenue						
Contributions	\$ 4,100	\$ 195,127	\$ 259,680	\$ 190,064	\$ 180,997	\$ 89,303
Interest, dividends, & gains	\$ 92,553	\$ 92,478	\$ 113,827	\$ 53,478	\$ 166,749	\$ 62,377
Total Revenue	\$ 96,653	\$ 287,605	\$ 373,507	\$ 243,542	\$ 347,746	\$ 151,680
Expenses						
Program Services	\$ 835,815	\$ 168,753	\$ 225,411	\$ 105,376	\$ 80,637	\$ 32,898
Management and general	\$ 14,359	\$ 25,478	\$ 22,661	\$ 27,987	\$ 34,586	\$ 81,824
Total Expenses	\$ 850,174	\$ 194,231	\$ 248,072	\$ 133,363	\$ 115,223	\$ 114,722
Excess or (deficit) for year	\$ (753,521)	\$ 93,374	\$ 125,435	\$ 110,179	\$ 232,523	\$ 36,958
Unrealized gain or (loss) on investments	\$ (132,674)	\$ 18,285	\$ 78,266	\$ 82,341	\$ 39,573	\$ 409
Fund Balance end of year	\$ 440,888	\$ 1,327,083	\$ 1,215,424	\$ 1,011,703	\$ 819,183	\$ 469,323
Fund gain or loss by percentage	-66.8%	9.2%	20.1%	23.5%	74.5%	

**Form 990** Return of Organization Exempt From Income Tax  
 Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)  
 Department of the Treasury Internal Revenue Service

OMB No. 1545-0047  
**2001**  
 Open to Public Inspection

For the 2001 calendar year, or tax year period beginning and ending

**A** For the 2001 calendar year, or tax year period beginning and ending

**B** Check if applicable:  Address change,  Name change,  Initial return,  Final return,  Amendment,  Application pending

**C** Name of organization: **DISABLED JOCKEYS FUND**  
 C/O VINE STREET TRUST COMPANY  
 Number and street (or P.O. box if mail is not delivered to street address): **360 EAST VINE STREET**  
 City or town, state or country, and ZIP + 4: **LEXINGTON, KY 40507-1514**

**D** Employer identification number: [REDACTED]

**E** Telephone number: **(859) 281-2120**

**F** Accounting method:  Cash,  Accrual,  Other

**G** Web site: **N/A**

**H** Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ)

**I** H and I are not applicable to section 527 organizations  
 H(a) Is this a group return for affiliates?  Yes  No  
 H(b) If "Yes," enter number of affiliates: **N/A**  
 H(c) Are all affiliates included?  Yes  No (If "No," attach a list)  
 H(d) Is this a separate return filed by an organization covered by a group ruling?  Yes  No  
 I Enter 4-digit GEN: **N/A**

**J** Organization type:  501(c)(3) (insert no.),  4947(a)(1) or 527

**K** Check here  if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

**L** Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12: **390,167.**

**M** Check  if the organization is not required to attach Sch B (Form 990, 990-EZ, or 990-PF)

**Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances**

<b>1</b> Contributions, gifts, grants, and similar amounts received			
<b>a</b> Direct public support	1a	195,127.	
<b>b</b> Indirect public support	1b		
<b>c</b> Government contributions (grants)	1c		
<b>d</b> Total (add lines 1a through 1c)	1d	195,127.	
(cash \$ 195,127., noncash \$ )			
<b>2</b> Program service revenue including government fees and contracts (from Part VII, line 93)		2	
<b>3</b> Membership dues and assessments		3	
<b>4</b> Interest on savings and temporary cash investments		4 3,925.	
<b>5</b> Dividends and interest from securities		5 39,843.	
<b>6</b> Gross rents		6a	
<b>b</b> Less rental expenses		6b	
<b>c</b> Net rental income or (loss) (subtract line 6b from line 6a)		6c	
<b>7</b> Other investment income (describe)		7	
<b>8</b> Gross amount from sale of assets other than inventory		(A) Securities (B) Other	
		149,962. 8a 8b	
<b>b</b> Less cost or other bases and sales expenses		102,562. 8b	
<b>c</b> Gain or (loss) (attach schedule)		47,400. 8c	
<b>d</b> Net gain or (loss) (combine line 8c, columns (A) and (B))		STMT 1 8d 47,400.	
<b>9</b> Special events and activities (attach schedule)			
<b>a</b> Gross revenue (not including \$ of contributions reported on line 1a)		9a	
<b>b</b> Less direct expenses other than fundraising expenses		9b	
<b>c</b> Net income or (loss) from special events (subtract line 9b from line 9a)		9c	
<b>10</b> Gross sales of inventory, less returns and allowances		10a	
<b>b</b> Less cost of goods sold		10b	
<b>c</b> Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)		10c	
<b>d</b> Other revenue (from Part VII, line 103)		11 1,310.	
<b>Total revenue</b> (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)		12 287,605.	
<b>13</b> Program services (from line 44, column (B))		13 168,753.	
<b>14</b> Management and general (from line 44, column (C))		14 25,478.	
<b>15</b> Fundraising (from line 44, column (D))		15	
<b>16</b> Payments to affiliates (attach schedule)		16	
<b>Total expenses</b> (add lines 16 and 44, column (A))		17 194,231.	
<b>18</b> Excess or (deficit) for the year (subtract line 17 from line 12)		18 93,374.	
<b>19</b> Net assets or fund balances at beginning of year (from line 73, column (A))		19 1,215,424.	
<b>20</b> Other changes in net assets or fund balances (attach explanation)		20 18,285.	
<b>21</b> Net assets or fund balances at end of year (combine lines 18, 19, and 20)		21 1,327,083.	

SEE STATEMENT 2

49B JUL 1 1 2002  
 OGDEN, UT  
 JUL 2 2002  
 IRS-062

15001 01-04-02 LHA For Paperwork Reduction Act Notice, see the separate instructions. Form 990 (2001)

Form 990 (2001) **DISABLED JOCKEYS FUND** Page 2  
**C/O VINE STREET TRUST COMPANY**

All organizations must complete columns (A) through (D). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others.

Part II Statement of Functional Expenses		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (attach schedule)				
23	Specific assistance to individuals (attach schedule)	168,753.	168,753.	STATEMENT 4	
24	Benefits paid to or for members (attach schedule)				
25	Compensation of officers, directors, etc.	11,061.	0.	11,061.	0.
26	Other salaries and wages				
27	Pension plan contributions				
28	Other employee benefits				
29	Payroll taxes				
30	Professional fundraising fees				
31	Accounting fees	9,000.		9,000.	
32	Legal fees	4,712.		4,712.	
33	Supplies				
34	Telephone				
35	Postage and shipping				
36	Occupancy				
37	Equipment rental and maintenance				
38	Printing and publications				
39	Travel				
40	Conferences, conventions, and meetings				
41	Interest				
42	Depreciation, depletion, etc. (attach schedule)				
43	Other expenses not covered above (itemize)				
a	STATE FEES &				
b	REGISTRATIONS	705.		705.	
c					
d					
e					
44	Total functional expenses (add lines 22 through 43). Organizations completing columns (B)-(D) carry these totals to line 12.15.	194,231.	168,753.	25,478.	0.

Joint Costs Check  if you are following SOP 98-2  
 Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services?  Yes  No  
 If "Yes," enter (i) the aggregate amount of these joint costs \$ \_\_\_\_\_ (ii) the amount allocated to Program services \$ \_\_\_\_\_  
 (iii) the amount allocated to Management and general \$ \_\_\_\_\_ and (iv) the amount allocated to Fundraising \$ \_\_\_\_\_

**Part III Statement of Program Service Accomplishments**

What is the organization's primary exempt purpose? **SEE STATEMENT 3**

Program Service Expenses	(Required for 501(c)(3) and (4) orgs. and 4947(a)(1) trusts but optional for others.)
a DISTRIBUTIONS MADE TO JOCKEYS WHO ARE PERMANENTLY OR TEMPORARILY DISABLED.	
(Grants and allocations \$ 168,753.)	168,753.
b	
(Grants and allocations \$ )	
c	
(Grants and allocations \$ )	
d	
(Grants and allocations \$ )	
e Other program services (attach schedule)	(Grants and allocations \$ )
f Total of Program Service Expenses (should equal line 44, column (B) Program services)	168,753.

**Part IV Balance Sheets**

*Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only*

		(A) Beginning of year	(B) End of year
Assets	45 Cash - non-interest-bearing	198.	745.
	46 Savings and temporary cash investments	279,385.	423,402.
	47 a Accounts receivable	47a	47c
	b Less allowance for doubtful accounts	47b	47c
	48 a Pledges receivable	48a	48c
	b Less allowance for doubtful accounts	48b	48c
	49 Grants receivable	49	
	50 Receivables from officers, directors, trustees, and key employees	50	
	51 a Other notes and loans receivable	51a	51c
	b Less allowance for doubtful accounts	51b	51c
	52 Inventories for sale or use	52	
	53 Prepaid expenses and deferred charges	53	
	54 Investments - securities	54	
	55 a Investments - land, buildings and equipment basis	55a	55c
	b Less accumulated depreciation	55b	55c
56 Investments - other	SEE STATEMENT 5	935,841.	902,936.
57 a Land, buildings, and equipment basis	57a	57c	
b Less accumulated depreciation	57b	57c	
58 Other assets (describe)	58		
59 Total assets (add lines 45 through 58) (must equal line 74)	1,215,424.	1,327,083.	
Liabilities	60 Accounts payable and accrued expenses	60	
	61 Grants payable	61	
	62 Deferred revenue	62	
	63 Loans from officers, directors, trustees, and key employees	63	
	64 a Tax-exempt bond liabilities	64a	
	b Mortgages and other notes payable	64b	
65 Other liabilities (describe)	65		
66 Total liabilities (add lines 60 through 65)	0.	0.	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74		
	67 Unrestricted	1,215,424.	1,327,083.
	68 Temporarily restricted	68	
	69 Permanently restricted	69	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74		
	70 Capital stock, trust principal, or current funds	70	
	71 Paid-in or capital surplus - or land, building, and equipment fund	71	
	72 Retained earnings, endowment, accumulated income, or other funds	72	
	73 Total net assets or fund balances (add lines 67 through 69 OR lines 70 through 72, column (A) must equal line 19, column (B) must equal line 21)	1,215,424.	1,327,083.
74 Total liabilities and net assets or fund balances (add lines 66 and 73)	1,215,424.	1,327,083.	

Form 990 is available for public inspection and for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.



DISABLED JOCKEYS FUND  
C/O VINE STREET TRUST COMPANY

Form 990 (2001)

Page 5

Part VI Other information		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity		X
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a confirmed copy of the changes		X
78 a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		X
b	If "Yes," has it filed a tax return on Form 990-T for this year? N/A		
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement		X
80 a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	X	
b	If "Yes," enter the name of the organization: JOCKEYS' GUILD, INC. and check whether it is <input checked="" type="checkbox"/> exempt OR <input type="checkbox"/> nonexempt		
81 a	Enter direct or indirect political expenditures. See line 81 instructions		
b	Did the organization file Form 1120-POL for this year?		X
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?		X
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)		
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	X	
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?		
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
85	501(c)(4), (5), or (6) organizations: a Were substantially all dues nondeductible by members? N/A		
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? N/A		
	If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year		
c	Dues, assessments, and similar amounts from members	85c	N/A
d	Section 162(e) lobbying and political expenditures	85d	N/A
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	N/A
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	N/A
g	Does the organization elect to pay the section 6033(e) tax on the amount in 85f?	85g	N/A
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount in 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A
86	501(c)(7) organizations: Enter a Initial fees and capital contributions included on line 12	86a	N/A
b	Gross receipts, included on line 12, for public use of club facilities	86b	N/A
87	501(c)(12) organizations: Enter a Gross income from members or shareholders	87a	N/A
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	87b	N/A
88	At any time during the year did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88	X
89 a	501(c)(3) organizations: Enter Amount of tax imposed on the organization during the year under section 4911: 0, section 4912: 0, section 4955: 0		
b	501(c)(3) and 501(c)(4) organizations: Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b	X
c	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		0
d	Enter Amount of tax on line 89c, above, reimbursed by the organization		0
90 a	List the states with which a copy of this return is filed: SEE STATEMENT 9		
b	Number of employees employed in the pay period that includes March 12, 2001	90b	0
91	The books are in care of: VINE STREET TRUST COMPANY Telephone no: 859-281-2120		
	Located at: 360 EAST VINE STREET LEXINGTON, KY ZIP + 4: 40507-1514		
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041: Check here and enter the amount of tax-exempt interest received or accrued during the tax year: 5	92	0

DISABLED JOCKEYS FUND  
C/O VINE STREET TRUST COMPANY

Form 990 (2001) Page 6

Part VII Analysis of Income-Producing Activities (See Specific Instructions on page 32)	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business codes	(B) Amount	(C) Exclusion code	(D) Amount	
Note Enter gross amounts unless otherwise indicated					
93 Program service revenue					
a					
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	3,925.	
96 Dividends and interest from securities			14	39,843.	
97 Net rental income or (loss) from real estate					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	47,400.	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue					
a ROYALTIES			15	1,310.	
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0.		92,478.	0.
105 Total (add line 104, columns (B), (D), and (E))				92,478.	

Note Line 105 plus line 12, Part I, should equal the amount on line 12, Part I

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See Specific Instructions on page 32)
Line No Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See Specific Instructions on page 33)				
(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See Specific Instructions on page 33)	
(a) Did the organization during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
(b) Did the organization during the year, pay premiums, directly or indirectly, on a personal benefit contract?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

completing schedules and statements and to the best of my knowledge and belief, it is true, information of which preparer has any knowledge

Prepared by: [Signature]



**SCHEDULE A**  
(Form 990 or 990-EZ)

**Organization Exempt Under Section 501(c)(3)**

OMB No. 1545-0047

(Except Private Foundation) and Section 501(a), 501(f), 501(k), 501(n), or Section 4947(a)(1) Nongovernmental Charitable Trust

**2001**

**Supplementary Information—(See separate instructions.)**

Department of the Treasury  
Internal Revenue Service

**MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Name of the organization **DISABLED JOCKEYS FUND  
C/O VINE STREET TRUST COMPANY** Employer Identification number **[REDACTED]**

**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**

(See page 1 of the instructions. List each one. If there are none, enter "None".)

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
NONE				
Total number of other employees paid over \$50,000	0			

**Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services**

(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None".)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over \$50,000 for professional services	0	

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 and Form 990-EZ

Schedule A (Form 990 or 990-EZ) 2001

DISABLED JOCKEYS FUND

Schedule A (Form 990 or 990-EZ) 2001 C/O VINE STREET TRUST COMPANY

Page 2

**Part III** Statements About Activities (See page 2 of the instructions)

	Yes	No
1 During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities: \$ _____ (Most equal amounts on line 38, Part VI-A, or line 1 of Part VI-B)		X
2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)		
a Sale, exchange, or leasing of property?		X
b Lending of money or other extension of credit?		X
c Furnishing of goods, services, or facilities?		X
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?		X
e Transfer of any part of its income or assets?		X
3 Does the organization make grants for scholarships, fellowships, student loans, etc.? (See Note below.)		X
4 Do you have a section 403(b) annuity plan for your employees?		X

Note: Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs "qualify" to receive payments.

**Part IV** Reason for Non-Private Foundation Status (See pages 3 through 6 of the instructions)

- The organization is not a private foundation because it is: (Please check only ONE applicable box.)
- 5  A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
  - 6  A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
  - 7  A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
  - 8  A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(iv).
  - 9  A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(v). Enter the hospital's name, city, and state: \_\_\_\_\_
  - 10  An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(vi). (Also complete the Support Schedule in Part IV-A.)
  - 11a  An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vii). (Also complete the Support Schedule in Part IV-A.)
  - 11b  A community trust. Section 170(b)(1)(A)(viii). (Also complete the Support Schedule in Part IV-A.)
  - 12  An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the Support Schedule in Part IV-A.)
  - 13  An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in (1) lines 5 through 12 above, or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). (See section 509(a)(3).)

Provide the following information about the supported organizations. (See page 5 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Line number from above

- 14  An organization organized and operated to test for public safety. Section 509(a)(4). (See page 6 of the instructions.)

Schedule A (Form 990 or 990-EZ) 2001

**DISABLED JOCKEYS FUND**  
**Schedule A (Form 990 or 990-EZ) 2001 C/O VINE STREET TRUST COMPANY** Page 3

**Part IV-A** Support Schedule (Complete only if you checked a box on line 10, 11, or 12) Use cash method of accounting  
 Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting

Calendar year (or fiscal year beginning in)	(a) 2000	(b) 1999	(c) 1998	(d) 1997	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28)	263,910.	190,064.	62,932.	89,303.	606,209.
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose	14,341.				14,341.
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	42,006.	34,938.	23,784.	33,059.	133,787.
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization a benefit and other paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.					
22 Other income. Attach a schedule. Do not include gain (or loss) from sale of capital assets			90.		90.
23 Total of lines 15 through 22	320,257.	225,002.	86,806.	122,362.	754,427.
24 Line 23 minus line 17	305,916.	225,002.	86,806.	122,362.	740,086.
25 Enter 1% of line 23	3,203.	2,250.	868.	1,224.	

26 Organizations described on lines 10 or 11 a Enter 2% of amount in column (e), line 24

26a	14,802.
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1997 through 2000 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts.	247,679.
c Total support for section 509(a)(1) test. Enter line 24, column (e).	740,086.
d Add: Amounts from column (e) for lines 18 _____ 19 _____	
22 _____ 26b _____	381,556.
e Public support (line 26c minus line 26d total)	358,530.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))	48.4444%

27 Organizations described on line 12 a For amounts included in lines 15, 16 and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: (2000) N/A (1999) (1998) (1997)

b For any amount included in line 17 that was received from each person (other than "disqualified persons") prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year: (2000) (1999) (1998) (1997) N/A

c Add: Amounts from column (e) for lines 15 \_\_\_\_\_ 16 \_\_\_\_\_

17 \_\_\_\_\_ 20 \_\_\_\_\_ 21 \_\_\_\_\_

d Add: Line 27c total \_\_\_\_\_ and line 27b total \_\_\_\_\_

e Public support (line 27c total minus line 27d total)

f Total support for section 509(a)(2) test. Enter amount on line 23, column (e) [ 27f ] N/A

g Public support percentage (line 27e (numerator) divided by line 27f (denominator)) [ 27g ] N/A %

h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)) [ 27h ] N/A %

28 Unusual Grants For an organization described in line 10, 11, or 12, that received any unusual grants during 1997 through 2000, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.

**DISABLED JOCKEYS FUND**  
**Schedule A (Form 990 or 990-EZ) 2001 C/O VINE STREET TRUST COMPANY** Page 4  
**Part V Private School Questionnaire** (See page 7 of the instructions) N/A  
**(To be completed ONLY by schools that checked the box on line 6 in Part IV)**

		Yes	No
29 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	29		
30 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	30		
31 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe, if "No" please explain (If you need more space, attach a separate statement)	31		
32 Does the organization maintain the following:			
a Records indicating the racial composition of the student body, faculty, and administrative staff?	32a		
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b		
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c		
d Copies of all material used by the organization or on its behalf to solicit contributions? If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement)	32d		
33 Does the organization discriminate by race in any way with respect to:			
a Students' rights or privileges?	33a		
b Admissions policies?	33b		
c Employment of faculty or administrative staff?	33c		
d Scholarships or other financial assistance?	33d		
e Educational policies?	33e		
f Use of facilities?	33f		
g Athletic programs?	33g		
h Other extracurricular activities? If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement)	33h		
34 a Does the organization receive any financial aid or assistance from a governmental agency?	34a		
b Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b please explain using an attached statement	34b		
35 Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation	35		

Schedule A (Form 990 or 990-EZ) 2001

**DISABLED JOCKEYS FUND**  
 Schedule A (Form 990 or 990-EZ) 2001 **C/O VINE STREET TRUST COMPANY** Page 5

**Part VI-A Lobbying Expenditures by Electing Public Charities** (See page 9 of the instructions) N/A  
 (To be completed ONLY by an eligible organization that filed Form 5768)  
 Check  a  if the organization belongs to an affiliated group Check  b  if you checked "a" and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred)		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
		N/A	
36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	36		
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37		
38 Total lobbying expenditures (add lines 36 and 37)	38		
39 Other exempt purpose expenditures	39		
40 Total exempt purpose expenditures (add lines 38 and 39)	40		
41 Lobbying nontaxable amount. Enter the amount from the following table -			
If the amount on line 40 is -			
Not over \$500,000			
Over \$500,000 but not over \$1,000,000			
Over \$1,000,000 but not over \$1,500,000			
Over \$1,500,000 but not over \$17,000,000			
Over \$17,000,000			
The lobbying nontaxable amount is -			
20% of the amount on line 40			
\$100,000 plus 19% of the excess over \$500,000			
\$175,000 plus 10% of the excess over \$1,000,000			
\$225,000 plus 5% of the excess over \$1,500,000			
\$1,000,000			
42 Grassroots nontaxable amount (enter 25% of line 41)	42		
43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43		
44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44		

Caution If there is an amount on either line 43 or line 44, you must file Form 4720.

**4-Year Averaging Period Under Section 501(h)**  
 (Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50 on page 11 of the instructions.)

Calendar year (or fiscal year beginning in)	Lobbying Expenditures During 4-Year Averaging Period				N/A (e) Total
	(a) 2001	(b) 2000	(c) 1999	(d) 1998	
45 Lobbying nontaxable amount					0.
46 Lobbying ceiling amount (150% of line 45(e))					0.
47 Total lobbying expenditures					0.
48 Grassroots nontaxable amount					0.
49 Grassroots ceiling amount (150% of line 48(e))					0.
50 Grassroots lobbying expenditures					0.

**Part VI-B Lobbying Activity by Nonelecting Public Charities** (For reporting only by organizations that did not complete Part VI-A) (See page 12 of the instructions) N/A

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum through the use of	Yes	No	Amount
a Volunteers			
b Paid staff or management (include compensation in expenses reported on lines c through h)			
c Media advertisements			
d Messages to members, legislators, or the public			
e Publications or published or broadcast statements			
f Grants to other organizations for lobbying purposes			
g Direct contact with legislators, their staffs, government officials, or a legislative body			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means			
i Total lobbying expenditures (Add lines c through h)			0.



<b>Schedule B</b> (Form 990, 990-EZ, or 990-PF) <small>Department of the Treasury Internal Revenue Service</small>	<b>Schedule of Contributors</b> Supplementary Information for line 1 of Form 990, 990-EZ and 990-PF (see instructions)	<small>OMB No 1545-0047</small> <div style="font-size: 24pt; font-weight: bold; text-align: center;">2001</div>
Name of organization DISABLED JOCKEYS FUND C/O VINE STREET TRUST COMPANY		Employer identification number [REDACTED]

Organization type (check one)

Form 990 or 990-EZ	<input checked="" type="checkbox"/> 501(c)( 3 ) (enter number) organization <input type="checkbox"/> 4947(a)(1) nonexempt charitable trust not treated as a private foundation <input type="checkbox"/> 527 political organization
Form 990-PF	<input type="checkbox"/> 501(c)(3) exempt private foundation <input type="checkbox"/> 4947(a)(1) nonexempt charitable trust treated as a private foundation <input type="checkbox"/> 501(c)(3) taxable private foundation

Check if your organization is covered by the General rule or a Special rule (Note Only a section 501(c)(7), (8), or (10) organization can check box(es) for both the General rule and a Special rule-see instructions)

**General Rule-**

For organizations filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor (Complete Parts I and II)

**Special Rules-**

For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33 1/3% support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(v) and received from any one contributor, during the year, a contribution of the greater of \$5,000 or 2% of the amount on line 1 of these forms (Complete Parts I and II)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than \$1,000 for use exclusively for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals (Complete Parts I, II, and III)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use exclusively for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000 (If this box is checked, enter here the total contributions that were received during the year for an exclusively religious, charitable, etc., purpose. Do not complete any of the Parts unless the General rule applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year) ▶ \$ \_\_\_\_\_

**Caution** Organizations that are not covered by the General rule and/or the Special rules do not file Schedule B (Form 990, 990-EZ, or 990-PF), but they must check the box in the heading of their Form 990, Form 990-EZ, or on line 1 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF)

Name of organization: **DISABLED JOCKEYS FUND**  
**C/O VINE STREET TRUST COMPANY**

Employer identification number: **[REDACTED]**

**Part I Contributors** (See Specific Instructions)

(a) No	(b) Name, address and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1		\$ 42,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
2		\$ 6,150.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
3		\$ 8,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
4		\$ 53,321.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
5		\$ 38,166.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
6		\$ 6,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)



DISABLED JOCKEYS FUND C/O VINE STREET TR

FORM 990 GAIN (LOSS) FROM PUBLICLY TRADED SECURITIES STATEMENT 1				
DESCRIPTION	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	NET GAIN OR (LOSS)
US TREASURY NOTE	100,000.	102,562.	0.	<2,562.>
LONG-TERM CAPITAL DIVIDEND	49,962.	0.	0.	49,962.
<b>TOTAL TO FORM 990, PART I, LINE 8</b>	<b>149,962.</b>	<b>102,562.</b>	<b>0.</b>	<b>47,400.</b>

FORM 990 OTHER CHANGES IN NET ASSETS OR FUND BALANCES STATEMENT 2	
DESCRIPTION	AMOUNT
UNREALIZED GAIN ON INVESTMENTS	18,285.
<b>TOTAL TO FORM 990, PART I, LINE 20</b>	<b>18,285.</b>

FORM 990 STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE STATEMENT 3  
PART III

EXPLANATION  
THE DISABLED JOCKEYS FUND PROVIDES FINANCIAL HELP TO JOCKEYS WHO ARE PERMANENTLY AND TEMPORARILY DISABLED.

FORM 990 SPECIFIC ASSISTANCE TO INDIVIDUALS STATEMENT 4	
DESCRIPTION	AMOUNT
DISTRIBUTIONS TO OR FOR JOCKEYS WHO ARE PERMANENTLY OR TEMPORARILY DISABLED	168,753.
<b>TOTAL TO FORM 990, PART II, LINE 23</b>	<b>168,753.</b>

## DISABLED JOCKEYS FUND C/O VINE STREET TR

FORM 990	OTHER INVESTMENTS	STATEMENT 5
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DESCRIPTION	VALUATION METHOD	AMOUNT
VINE STREET TRUST	MARKET VALUE	902,936.
TOTAL TO FORM 990, PART IV, LINE 56, COLUMN B		902,936.

FORM 990	OTHER REVENUE NOT INCLUDED ON FORM 990	STATEMENT 6
----------	--	-------------

DESCRIPTION	AMOUNT
2000 DEPOSIT IN TRANSIT	2,817.
NSF CONTRIBUTION CHECKS	625.
VOIDED CHECKS INCLUDED IN DEPOSITS	10,121.
TOTAL TO FORM 990, PART IV-A	13,563.

FORM 990	OTHER EXPENSES NOT INCLUDED ON FORM 990	STATEMENT 7
----------	---	-------------

DESCRIPTION	AMOUNT
VOIDED CHECKS	10,121.
NSF CONTRIBUTIONS SHOWN AS EXPENSES	625.
TOTAL TO FORM 990, PART IV-B	10,746.

FORM 990	OTHER REVENUE INCLUDED ON FORM 990	STATEMENT 8
----------	------------------------------------	-------------

DESCRIPTION	AMOUNT
2001 DEPOSITS IN TRANSIT	125,913.
TOTAL TO FORM 990, PART IV-A	125,913.

DISABLED JOCKEYS FUND C/O VINE STREET TR

FORM 990	LIST OF STATES RECEIVING COPY OF RETURN PART VI, LINE 90	STATEMENT 9
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## STATES

KENTUCKY, NEW YORK, CALIFORNIA, ILLINOIS, MARYLAND &amp; FLORIDA

SCHEDULE A	OTHER INCOME				STATEMENT 10
DESCRIPTION	2000 AMOUNT	1999 AMOUNT	1998 AMOUNT	1997 AMOUNT	
ADVISORY FEE REBATES	0.	0.	16.	0.	
MISC INCOME	0.	0.	74.	0.	
TOTAL TO SCHEDULE A, LINE 22	0.	0.	90.	0.	

Form **8868**  
(December 2000)  
Department of the Treasury  
Internal Revenue Service

**Application for Extension of Time To File an Exempt Organization Return**

1945-0  
OMB No 1545-1709

▶ File a separate application for each return

- If you are filing for an Automatic 3-Month Extension, complete only Part I and check this box ▶
  - If you are filing for an Additional (not automatic) 3-Month Extension, complete only Part II (on page 2 of this form)
- Note Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868

**Part I Automatic 3-Month Extension of Time - Only submit original (no copies needed)**

Note Form 990-T corporations requesting an automatic 6-month extension - check this box and complete Part I only ▶   
All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns. Partnerships, REMITCs and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041

Type or print	Name of Exempt Organization <b>DISABLED JOCKEYS FUND C/O VINE STREET TRUST COMPANY</b>	Employer identification number <b>[REDACTED]</b>
File by the due date for filing your return. See instructions	Number, street, and room or suite no. If a P.O. box, see instructions <b>360 EAST VINE STREET</b>	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions <b>LEXINGTON, KY 40507-1514</b>	

Check type of return to be filed (file a separate application for each return)

- |  |   |                                    |
|--|---|------------------------------------|
| <input checked="" type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (corporation)                 | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990 BL         | <input type="checkbox"/> Form 990 T (sec. 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990 EZ         | <input type="checkbox"/> Form 990 T (trust other than above)      | <input type="checkbox"/> Form 6069 |
| <input type="checkbox"/> Form 990 PF         | <input type="checkbox"/> Form 1041 A                              | <input type="checkbox"/> Form 8870 |

- If the organization does not have an office or place of business in the United States, check this box ▶
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_ If this is for the whole group, check this box ▶  If it is for part of the group, check this box ▶  and attach a list with the names and EINs of all members the extension will cover

1 I request an automatic 3 month (6 month, for 990-T corporation) extension of time until AUGUST 15, 2002 to file the exempt organization return for the organization named above. The extension is for the organization's return for ▶  calendar year 2001 or ▶  tax year beginning \_\_\_\_\_ and ending \_\_\_\_\_

2 If this tax year is for less than 12 months, check reason  Initial return  Final return  Change in accounting period

3a If this application is for Form 990 BL, 990 PF, 990 T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ \_\_\_\_\_

b If this application is for Form 990 PF or 990 T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit. \$ \_\_\_\_\_

c Balance Due. Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$ N/A

**Signature and Verification**

Under penalties of perjury I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete and that I am authorized to prepare this form.

Signature ▶ Kathy Reynolds Title ▶ CPA Date ▶ 5-13-02  
LHA For Paperwork Reduction Act Notice, see instruction Form 8868 (12-2000)

**Form 990** **Return of Organization Exempt From Income Tax** OMB No. 1545-0047  
**2002**  
Open to Public Inspection

Department of the Treasury Internal Revenue Service ▶ The organization may have to use a copy of this return to satisfy state reporting requirements

**A** For the 2002 calendar year, or tax year period beginning and ending

**B** Check if applicable:  Address change,  Name change,  Initial return,  Final return,  Amended return,  Application pending

**C** Name of organization: **DISABLED JOCKEYS FUND**  
**BRANCH BANKING & TRUST COMPANY, TRUSTEE**  
 Number and street (or P O box if mail is not delivered to street address): **360 EAST VINE STREET**  
 City or town, state or country, and ZIP + 4: **LEXINGTON, KY 40507-1514**

**D** Employer identification number: **[REDACTED]**

**E** Telephone number: **(859) 281-2120**

**F** Accounting method:  Cash,  Accrual,  Other (specify):

**G** Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ)

**H** and I are not applicable to section 527 organizations:  
**H(a)** Is this a group return for affiliates?  Yes  No  
**H(b)** If "Yes," enter number of affiliates: **N/A**  
**H(c)** Are all affiliates included?  Yes  No (if "No," attach a list)  
**H(d)** Is this a separate return filed by an organization covered by a group ruling?  Yes  No  
**I** Enter 4-digit GEN: **[REDACTED]**

**J** Web site: **N/A**

**K** Check here  if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

**L** Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12: **518,819.**

**M** Check  if the organization is not required to attach Sch B (Form 990, 990-EZ, or 990-PF)

**Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances**

<b>1</b> Contributions, gifts, grants, and similar amounts received			
<b>a</b> Direct public support	<b>1a</b>	<b>4,100.</b>	
<b>b</b> Indirect public support	<b>1b</b>		
<b>c</b> Government contributions (grants)	<b>1c</b>		
<b>d</b> Total (add lines 1a through 1c) (cash \$ <b>4,100.</b> noncash \$ )	<b>1d</b>	<b>4,100.</b>	
<b>2</b> Program service revenue including government fees and contracts (from Part VII, line 93)	<b>2</b>		
<b>3</b> Membership dues and assessments	<b>3</b>		
<b>4</b> Interest on savings and temporary cash investments	<b>4</b>	<b>1,850.</b>	
<b>5</b> Dividends and interest from securities	<b>5</b>	<b>33,128.</b>	
<b>6</b> Gross rents	<b>6a</b>		
<b>b</b> Less rental expenses	<b>6b</b>		
<b>c</b> Net rental income or (loss) (subtract line 6b from line 6a)	<b>6c</b>		
<b>7</b> Other investment income (describe: )	<b>7</b>		
<b>8</b> Gross amount from sale of assets other than inventory	(A) Securities <b>479,741.</b> <b>8a</b>	(B) Other	
<b>b</b> Less cost or other basis and sales expenses	<b>422,166.</b> <b>8b</b>		
<b>c</b> Gain or (loss) (attach schedule)	<b>57,575.</b> <b>8c</b>		
<b>d</b> Net gain or (loss) (combine line 8c, columns (A) and (B))	<b>STMT 1</b>	<b>57,575.</b>	<b>8d</b>
<b>9</b> Special events and activities (attach schedule)			
<b>a</b> Gross revenue (not including \$ of contributions reported on line 1a)	<b>9a</b>		
<b>b</b> Less direct expenses other than fundraising expenses	<b>9b</b>		
<b>c</b> Net income or (loss) from special events (subtract line 9b from line 9a)	<b>9c</b>		
<b>10</b> Gross sales of inventory, less returns and allowances	<b>10a</b>		
<b>b</b> Less cost of goods sold	<b>10b</b>		
<b>c</b> Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	<b>10c</b>		
<b>11</b> Other revenue (from Part VII line 103)	<b>11</b>		
<b>12</b> Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	<b>12</b>	<b>96,653.</b>	
<b>13</b> Program services (from line 44, column (B))	<b>13</b>	<b>835,815.</b>	
<b>14</b> Management and general (from line 44, column (C))	<b>14</b>	<b>14,359.</b>	
<b>15</b> Fundraising (from line 44, column (D))	<b>15</b>		
<b>16</b> Payments to affiliates (attach schedule)	<b>16</b>		
<b>17</b> Total expenses (add lines 16 and 44, column (A))	<b>17</b>	<b>850,174.</b>	
<b>18</b> Excess or (deficit) for the year (subtract line 17 from line 12)	<b>18</b>	<b>&lt;753,521.&gt;</b>	
<b>19</b> Net assets or fund balances at beginning of year (from line 73, column (A))	<b>19</b>	<b>1,327,083.</b>	
<b>20</b> Other changes in net assets or fund balances (attach explanation)	<b>20</b>	<b>&lt;132,674.&gt;</b>	
<b>21</b> Net assets or fund balances at end of year (combine lines 18, 19, and 20)	<b>21</b>	<b>440,888.</b>	

**RECEIVED**  
**NOV 20 2003**  
**OXDEN, UT**

**SEE STATEMENT 2**

Form 990 (2002) 99

DISABLED JOCKEYS FUND  
BRANCH BANKING & TRUST COMPANY, TRUSTEE

Page 2

**Part II Statement of Functional Expenses** All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others

Do not include amounts reported on line 6b, 9b, 10b, or 16 of Part I	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (attach schedule)				
23 Specific assistance to individuals (attach schedule)	835,815.	835,815.	STATEMENT 4	
24 Benefits paid to or for members (attach schedule)				
25 Compensation of officers, directors, etc.	0.	0.	0.	0.
26 Other salaries and wages				
27 Pension plan contributions				
28 Other employee benefits				
29 Payroll taxes				
30 Professional fundraising fees				
31 Accounting fees	4,100.		4,100.	
32 Legal fees				
33 Supplies				
34 Telephones				
35 Postage and shipping				
36 Occupancy				
37 Equipment rental and maintenance				
38 Printing and publications				
39 Travel				
40 Conferences, conventions, and meetings				
41 Interest				
42 Depreciation, depletion, etc (attach schedule)				
43 Other expenses not covered above (itemize)				
a STATE FEES &				
b REGISTRATIONS	685.		685.	
c FIDUCIARY FEES	9,574.		9,574.	
d				
e				
44 Total functional expenses (add lines 22 through 43) (Do not check this column if you are following SOP 98-2)	850,174.	835,815.	14,359.	0.

Joint Costs Check  if you are following SOP 98-2

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services?  Yes  No

If "Yes," enter (i) the appropriate amount of those joint costs \$ \_\_\_\_\_ and (ii) the amount allocated to Program services \$ \_\_\_\_\_

(iii) the amount allocated to Management and general \$ \_\_\_\_\_ and (iv) the amount allocated to Fundraising \$ \_\_\_\_\_

**Part III Statement of Program Service Accomplishments**

What is the organization's primary exempt purpose? **SEE STATEMENT 3**

Program Service Expenses (Required for 501(c)(3) and (4) orgs and 4947(a)(1) trusts but optional for others)	
a DISTRIBUTIONS MADE TO JOCKEYS WHO ARE PERMANENTLY OR TEMPORARILY DISABLED.	
(Grants and allocations \$ 835,815.)	835,815.
b	
(Grants and allocations \$ )	
c	
(Grants and allocations \$ )	
d	
(Grants and allocations \$ )	
e Other program services (attach schedule)	
(Grants and allocations \$ )	
f Total of Program Service Expenses (should equal line 44, column (B), Program services)	835,815.

238011 01-22-04 2 Form 990 (2002)

DISABLED JOCKEYS FUND  
BRANCH BANKING & TRUST COMPANY, TRUSTEE

Form 990 (2002)

Page 2

**Part IV Balance Sheets**

Note		(A)	(B)
Where required, attached schedules and amounts within the description column should be for end-of-year amounts only		Beginning of year	End of year
45	Cash - non-interest-bearing	745.	45
46	Savings and temporary cash investments	423,402.	46 69,941.
47 a	Accounts receivable	47a	47c
b	Less allowance for doubtful accounts	47b	47c
48 a	Pledges receivable	48a	48c
b	Less allowance for doubtful accounts	48b	48c
49	Grants receivable		49
50	Receivables from officers, directors, trustees, and key employees		50
51 a	Other notes and loans receivable	51a	51c
b	Less allowance for doubtful accounts	51b	51c
52	Inventories for sale or use		52
53	Prepaid expenses and deferred charges		53
54	Investments - securities	<input type="checkbox"/> Cost <input type="checkbox"/> FMV	54
55 a	Investments - land, buildings, and equipment basis	55a	55c
b	Less accumulated depreciation	55b	55c
56	Investments - other	SEE STATEMENT 5	902,936. 56 370,947.
57 a	Land, buildings, and equipment basis	57a	57c
b	Less accumulated depreciation	57b	57c
58	Other assets (describe )		58
59	<b>Total assets (add lines 45 through 58) (must equal line 74)</b>	<b>1,327,083.</b>	<b>59 440,888.</b>
60	Accounts payable and accrued expenses		60
61	Grants payable		61
62	Deferred revenue		62
63	Loans from officers, directors, trustees, and key employees		63
64 a	Tax-exempt bond liabilities		64a
b	Mortgages and other notes payable		64b
65	Other liabilities (describe )		65
66	<b>Total liabilities (add lines 60 through 65)</b>	<b>0.</b>	<b>66 0.</b>
Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74			
67	Unrestricted	1,327,083.	67 440,888.
68	Temporarily restricted		68
69	Permanently restricted		69
Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74			
70	Capital stock, trust principal, or current funds		70
71	Paid-in or capital surplus, or land, building and equipment fund		71
72	Retained earnings, endowment, accumulated income, or other funds		72
73	<b>Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72, column (A) must equal line 59, column (B) must equal line 21)</b>	<b>1,327,083.</b>	<b>73 440,888.</b>
74	<b>Total liabilities and net assets / fund balances (add lines 66 and 73)</b>	<b>1,327,083.</b>	<b>74 440,888.</b>

Form 990 is available for public inspection and for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.





Form 990 (2002) **DISABLED JOCKEYS FUND** Page 5  
**BRANCH BANKING & TRUST COMPANY, TRUSTEE**

Part VI Other information	Yes	No
76 Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity	76	X
77 Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes	77	X
78 a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return? b If "Yes," has it filed a tax return on Form 990-T for this year?	78a 78b	X N/A
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	X
80 a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization? b If "Yes," enter the name of the organization <b>JOCKEYS' GUILD, INC.</b> and check whether it is <input checked="" type="checkbox"/> exempt or <input type="checkbox"/> nonexempt	80a	X
81 a Enter direct or indirect political expenditures. See line 81 instructions b Did the organization file Form 1120-POL for this year?	81a 81b	0. X
82 a Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value? b If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part II)	82a 82b	X N/A
83 a Did the organization comply with the public inspection requirements for returns and exemption applications? b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83a 83b	X X
84 a Did the organization solicit any contributions or gifts that were not tax deductible? b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84a 84b	N/A N/A
85 501(c)(4), (5), or (6) organizations: a Were substantially all dues nondeductible by members? b Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes," was answered to either 85a or 85b, do not complete 85c through 85h unless the organization received a waiver for proxy tax owed for the prior year	85a 85b	N/A N/A
c Dues, assessments, and similar amounts from members	85c	N/A
d Section 162(e) lobbying and political expenditures	85d	N/A
e Aggregate nondeductible amount of section 6033(a)(1)(A) dues notices	85e	N/A
f Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	N/A
g Does the organization elect to pay the section 6033(a) tax on the amount on line 85f?	85g	N/A
h If section 6033(a)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A
86 501(c)(7) organizations: Enter a Initiation fees and capital contributions included on line 12	86a	N/A
b Gross receipts, included on line 12, for public use of club facilities	86b	N/A
87 501(c)(12) organizations: Enter a Gross income from members or shareholders	87a	N/A
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b	N/A
88 At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88	X
89 a 501(c)(3) organizations: Enter Amount of tax imposed on the organization during the year under section 4911 <b>0.</b> , section 4912 <b>0.</b> , section 4955 <b>0.</b> b 501(c)(3) and 501(c)(4) organizations: Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction c Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958	89a 89b 89c	 X 0.
d Enter Amount of tax on line 89c, above, reimbursed by the organization	89d	0.
90 a List the states with which a copy of this return is filed <b>SEE STATEMENT 9</b>	90a	0
b Number of employees employed in the pay period that includes March 12, 2002	90b	0
91 The books are in care of <b>BRANCH BANKING &amp; TRUST COMPANY</b> Telephone no <b>859-281-2120</b> Located at <b>360 EAST VINE STREET LEXINGTON, KY</b> ZIP + 4 <b>40507-1514</b>		
92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041: Check here and enter the amount of tax-exempt interest received or accrued during the tax year	92	N/A

Form 990 (2002) **DISABLED JOCKEYS FUND**  
**BRANCH BANKING & TRUST COMPANY, TRUSTEE** Page 6

**Part VII Analysis of Income-Producing Activities** (See page 31 of the instructions)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excludes by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Code each code	(D) Amount	
93 Program service revenue					
a					
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	1,850.	
96 Dividends and interest from securities			14	33,128.	
97 Net rental income or (loss) from real estate					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	57,575.	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue					
a					
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0.		92,553.	0.
105 Total (add line 104, columns (B), (D), and (E))				92,553.	

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

**Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes** (See page 32 of the instructions)

Line 10a Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities** (See page 32 of the instructions)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			

**Part X Information Regarding Transfers Associated with Personal Benefit Contracts** (See page 33 of the instructions)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?  Yes  No  
 (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?  Yes  No

Note: If "Yes" to (a), file Form 8870 and Form 4720 (see instructions).

I, 11/18/03 DAVE HENRY POST OFFICE  
 Date Type of print name and title  
 I, \_\_\_\_\_ (Check if) \_\_\_\_\_  
 Title of officer or director

SCHEDULE A  
Form 990 or 990-EZ

Organization Exempt Under Section 501(c)(3)

OMB No 1545-0047

(Except Private Foundation) and Section 501(a), 501(f), 501(h),  
501(i), or Section 4947(a)(1) Nontaxable Charitable Trust

2002

Department of the Treasury  
Internal Revenue Service

Supplementary Information—(See separate instructions.)

MUST be completed by the above organizations and attached to their Form 990 or 990-EZ

Name of the organization **DISABLED JOCKEYS FUND  
BRANCH BANKING & TRUST COMPANY, TRUSTEE** Employer identification number

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees

(See page 1 of the instructions. List each one. If there are none, enter "None".)

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
NONE				

Total number of other employees paid over \$50,000 **0**

Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services

(See page 2 of the instructions. List each one (whether individuals or firms) if there are none, enter "None".)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

Total number of others receiving over \$50,000 for professional services **0**

DISABLED JOCKEYS FUND

Schedule A (Form 990 or 990-EZ) 2002 BRANCH BANKING & TRUST COMPANY, TRUSTEE

Page 2

Part III Statements About Activities (See page 2 of the instructions)		Yes	No
1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities: \$ _____ \$ _____ (Must equal amounts on line 30, Part VI-A, or line 1 of Part VI-B) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes," must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.		X
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)		
a	Safe, exchange, or leasing of property?		X
b	Lending of money or other extension of credit?		X
c	Furnishing of goods, services, or facilities?		X
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?		X
e	Transfer of any part of its income or assets?		X
3	Does the organization make grants for scholarships, fellowships, student loans, etc.? (See Note below.)		X
4	Do you have a section 403(b) annuity plan for your employees?		X

Part IV Reason for Non-Private Foundation Status (See pages 3 through 5 of the instructions)

The organization is not a private foundation because it is: (Please check only ONE applicable box.)

6  A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i)

8  A school. Section 170(b)(1)(A)(ii) (Also complete Part V)

7  A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii)

9  A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(iv)

8  A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(v) Enter the hospital's name, city, and state: \_\_\_\_\_

10  An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(vi) (Also complete the Support Schedule in Part IV-A)

11a  An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vii) (Also complete the Support Schedule in Part IV-A)

11b  A community trust. Section 170(b)(1)(A)(viii) (Also complete the Support Schedule in Part IV-A)

12  An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the Support Schedule in Part IV-A)

13  An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in (1) lines 5 through 12 above, or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). (See section 509(a)(3).) Provide the following information about the supported organizations. (See page 5 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Line number from above

14  An organization organized and operated to test for public safety. Section 509(a)(4). (See page 5 of the instructions.)

DISABLED JOCKEYS FUND

Schedule A (Form 990 or 990-EZ) 2002 BRANCH BANKING & TRUST COMPANY, TRUSTEE Page 3

**Part IV-A** Support Schedule (Complete only if you checked a box on line 10, 11, or 12.) Use cash method of accounting. Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in)	(a) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	195,127.	263,910.	190,064.	62,932.	712,033.
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose		14,341.			14,341.
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	45,078.	42,006.	34,938.	23,784.	145,806.
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets			SEE STATEMENT 10	90.	90.
23 Total of lines 15 through 22	240,205.	320,257.	225,002.	86,806.	872,270.
24 Line 23 minus line 17	240,205.	305,916.	225,002.	86,806.	857,929.
25 Enter 1% of line 23	2,402.	3,203.	2,250.	868.	

26 Organizations described on lines 10 or 11. a Enter 2% of amount in column (e), line 24

26a	17,159.
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1998 through 2001 exceeded the amount shown in line 25a. Do not file this list with your return. Enter the sum of all these excess amounts.	26b 331,394.
c Total support for section 509(a)(1) test. Enter line 24, column (e).	26c 857,929.
d Add amounts from column (e) for lines 18 145,806. 19 90. 26b 331,394.	26d 477,290.
e Public support (line 26c minus line 26d total)	26e 380,639.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))	26f 44.3672%

27 Organizations described on line 12. a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year.

(2001)	(2000)	(1999)	(1998)	
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year.	(2001)	(2000)	(1999)	(1998)
c Add amounts from column (e) for lines 15 17 20 21	17 20 21	27c N/A	27d N/A	27e N/A
d Add Line 27a total and line 27b total		27f N/A	27g N/A	27h N/A
e Public support (line 27c total minus line 27d total)		27i N/A	27j N/A	27k N/A
f Total support for section 509(a)(2) test. Enter amount on line 23, column (e).	27l N/A	27m N/A	27n N/A	27o N/A
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))		27p N/A	27q N/A	27r N/A
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))		27s N/A	27t N/A	27u N/A

28 Unusual Grants For an organization described in line 10, 11, or 12 that received any unusual grants during 1998 through 2001, prepare a list for your records to show for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.

**DISABLED JOCKEYS FUND**  
 Schedule A (Form 990 or 990-EZ) 2002 **BRANCH BANKING & TRUST COMPANY, TRUSTEE** Page 4  
**Part V** Private School Questionnaire (See page 7 of the instructions) N/A  
 (To be completed ONLY by schools that checked the box on line 6 in Part IV)

		Yes	No
<b>29</b> Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument or in a resolution of its governing body?	<b>29</b>		
<b>30</b> Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	<b>30</b>		
<b>31</b> Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe, if "No," please explain (if you need more space, attach a separate statement)	<b>31</b>		
<hr/>			
<b>32</b> Does the organization maintain the following:			
<b>a</b> Records indicating the racial composition of the student body, faculty, and administrative staff?	<b>32a</b>		
<b>b</b> Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	<b>32b</b>		
<b>c</b> Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	<b>32c</b>		
<b>d</b> Copies of all material used by the organization or on its behalf to solicit contributions? If you answered "No" to any of the above, please explain (if you need more space, attach a separate statement)	<b>32d</b>		
<hr/>			
<b>33</b> Does the organization discriminate by race in any way with respect to:			
<b>a</b> Students' rights or privileges?	<b>33a</b>		
<b>b</b> Admissions policies?	<b>33b</b>		
<b>c</b> Employment of faculty or administrative staff?	<b>33c</b>		
<b>d</b> Scholarships or other financial assistance?	<b>33d</b>		
<b>e</b> Educational policies?	<b>33e</b>		
<b>f</b> Use of facilities?	<b>33f</b>		
<b>g</b> Athletic programs?	<b>33g</b>		
<b>h</b> Other extracurricular activities? If you answered "Yes" to any of the above, please explain (if you need more space, attach a separate statement)	<b>33h</b>		
<hr/>			
<b>34 a</b> Does the organization receive any financial aid or assistance from a governmental agency?	<b>34a</b>		
<b>b</b> Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement	<b>34b</b>		
<b>35</b> Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-60, 1975-2 C B 587, covering racial nondiscrimination? If "No," attach an explanation	<b>35</b>		

Schedule A (Form 990 or 990-EZ) 2002

**DISABLED JOCKEYS FUND**  
 Schedule A (Form 990 or 990-EZ) 2002 **BRANCH BANKING & TRUST COMPANY, TRUSTEE** Page 5

**Part VI-A** Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions) N/A  
 (To be completed ONLY by an eligible organization that filed Form 5768)

Check  a if the organization belongs to an affiliated group Check  b if you checked "Y" and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred)		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
		N/A	
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)		
37	Total lobbying expenditures to influence a legislative body (direct lobbying)		
38	Total lobbying expenditures (add lines 36 and 37)		
39	Other exempt purpose expenditures		
40	Total exempt purpose expenditures (add lines 38 and 39)		
41	Lobbying nontaxable amount. Enter the amount from the following table - If the amount on line 40 is - The lobbying nontaxable amount is - Net over \$500,000 20% of the amount on line 40 Over \$500,000 but not over \$1,000,000 \$100,000 plus 10% of the excess over \$500,000 Over \$1,000,000 but not over \$1,000,000 \$175,000 plus 10% of the excess over \$1,000,000 Over \$1,000,000 but not over \$17,000,000 \$225,000 plus 6% of the excess over \$1,000,000 Over \$17,000,000 \$1,000,000		
42	Grassroots nontaxable amount (enter 25% of line 41)		
43	Subtract line 42 from line 38. Enter -0- if line 42 is more than line 38		
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38		

Caution If there is an amount on either line 43 or line 44, you must file Form 4720

**4-Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50 on page 11 of the instructions.)

Calendar year (or fiscal year beginning in)	Lobbying Expenditures During 4-Year Averaging Period				N/A
	(a) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
45	Lobbying nontaxable amount				0.
46	Lobbying ceiling amount (150% of line 45(e))				0.
47	Total lobbying expenditures				0.
48	Grassroots nontaxable amount				0.
49	Grassroots ceiling amount (150% of line 48(e))				0.
50	Grassroots lobbying expenditures				0.

**Part VI-B** Lobbying Activity by Nontaxing Public Charities N/A  
 (For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of	Yes	No	Amount
a Volunteers			
b Paid staff or management (Include compensation in expenses reported on lines e through h.)			
c Media advertisements			
d Mailings to members, legislators, or the public			
e Publications, or published or broadcast statements			
f Grants to other organizations for lobbying purposes			
g Direct contact with legislators, their staffs, government officials, or a legislative body			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means			
i Total lobbying expenditures (Add lines e through h)			0.

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities

DISABLED JOCKEYS FUND

Schedule A (Form 990 or 990-EZ) 2002 BRANCH BANKING & TRUST COMPANY, TRUSTEE Page 6

Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See page 12 of the instructions)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

a Transfers from the reporting organization to a noncharitable exempt organization of

- (i) Cash
(ii) Other assets
b Other transactions
(i) Sales or exchanges of assets with a noncharitable exempt organization
(ii) Purchases of assets from a noncharitable exempt organization
(iii) Rental of facilities, equipment, or other assets
(iv) Reimbursement arrangements
(v) Loans or loan guarantees
(vi) Performance of services or membership or fundraising solicitations
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

Table with 2 columns: Yes, No. Rows include 51a(i), 51a(ii), 51b(i), 51b(ii), 51b(iii), 51b(iv), 51b(v), 51b(vi), and 51c.

c If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.

Table with 4 columns: (a) Line no, (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements. Content is N/A.

52 a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3) or in section 527)? [X] Yes [ ] No

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship. Entry for JOCKEYS' GUILD, INC. with type 501(C)(5) and detailed relationship description.



DISABLED JOCKEYS FUND BRANCH BANKING & T

FORM 990 GAIN (LOSS) FROM PUBLICLY TRADED SECURITIES STATEMENT 1

DESCRIPTION	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	NET GAIN OR (LOSS)
CAPITAL GAINS	479,741.	422,166.	0.	57,575.
TOTAL TO FORM 990, PART I, LINE 8	479,741.	422,166.	0.	57,575.

FORM 990 OTHER CHANGES IN NET ASSETS OR FUND BALANCES STATEMENT 2

DESCRIPTION	AMOUNT
UNREALIZED GAIN ON INVESTMENTS	<132,674.>
TOTAL TO FORM 990, PART I, LINE 20	<132,674.>

FORM 990 STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE STATEMENT 3  
PART III

EXPLANATION

THE DISABLED JOCKEYS FUND PROVIDES FINANCIAL HELP TO JOCKEYS WHO ARE PERMANENTLY AND TEMPORARILY DISABLED.

FORM 990 SPECIFIC ASSISTANCE TO INDIVIDUALS STATEMENT 4

DESCRIPTION	AMOUNT
DISTRIBUTIONS TO OR FOR JOCKEYS WHO ARE PERMANENTLY OR TEMPORARILY DISABLED	835,815.
TOTAL TO FORM 990, PART II, LINE 23	835,815.

DISABLED JOCKEYS FUND BRANCH BANKING & T ██████████

FORM 990 OTHER INVESTMENTS STATEMENT 5

DESCRIPTION	VALUATION METHOD	AMOUNT
BRANCH BANKING & TRUST COMPANY	MARKET VALUE	370,947.
TOTAL TO FORM 990, PART IV, LINE 56, COLUMN B		370,947.

FORM 990 OTHER REVENUE NOT INCLUDED ON FORM 990 STATEMENT 6

DESCRIPTION	AMOUNT
2001 DEPOSIT IN TRANSIT	125,913.
VOIDED CHECKS INCLUDED IN DEPOSITS	2,937.
TOTAL TO FORM 990, PART IV-A	128,850.

FORM 990 OTHER EXPENSES NOT INCLUDED ON FORM 990 STATEMENT 7

DESCRIPTION	AMOUNT
VOIDED CHECKS	2,937.
TOTAL TO FORM 990, PART IV-B	2,937.

FORM 990 OTHER REVENUE INCLUDED ON FORM 990 STATEMENT 8

DESCRIPTION	AMOUNT
2002 DEPOSITS IN TRANSIT	528.
ROUNDING DIFFERENCE	1.
TOTAL TO FORM 990, PART IV-A	529.

DISABLED JOCKEYS FUND BRANCH BANKING & T

FORM 990 LIST OF STATES RECEIVING COPY OF RETURN STATEMENT 9  
PART VI, LINE 90

STATES

KENTUCKY, NEW YORK, CALIFORNIA, ILLINOIS, MARYLAND & FLORIDA

SCHEDULE A OTHER INCOME STATEMENT 10

DESCRIPTION	2001 AMOUNT	2000 AMOUNT	1999 AMOUNT	1998 AMOUNT
ADVISORY FEE REBATES	0.	0.	0.	16.
MISC INCOME	0.	0.	0.	74.
TOTAL TO SCHEDULE A, LINE 22	0.	0.	0.	90.

Form 8868 (12-2000)

1945-0 Page 2

• If you are filing for an Additional (not automatic) 3-Month Extension, complete only Part II and check this box

Note: Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868

• If you are filing for an Automatic 3-Month Extension, complete only Part I (on page 1)

**Part II Additional (not automatic) 3-Month Extension of Time - Must file Original and One Copy.**

Type or print:	Name of Exempt Organization <b>DISABLED JOCKEYS FUND BRANCH BANKING &amp; TRUST COMPANY, TRUSTEE</b>	Employer identification number
File by the annual due date for filing the return. See instructions.	Number, street, and room or suite no. If a P O box, see instructions <b>360 EAST VINE STREET</b>	For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions <b>LEXINGTON, KY 40507-1514</b>	

Check type of return to be filed (File a separate application for each return)

Form 990   
  Form 990-EZ   
  Form 990-T (sec 401(a) or 408(a) trust)   
  Form 1041-A   
  Form 5227   
  Form 8870  
 Form 990-BL   
  Form 990-PF   
  Form 990-T (trust other than above)   
  Form 4720   
  Form 6069

STOP. Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868

• If the organization does not have an office or place of business in the United States, check this box   
 • If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_ If this is for the whole group, check this box  If it is for part of the group, check this box  and attach a list with the names and EINs of all members the extension is for

4 I request an additional 3 month extension of time until NOVEMBER 17, 2003  
 5 For calendar year 2002, or other tax year beginning \_\_\_\_\_ and ending \_\_\_\_\_  
 6 If this tax year is for less than 12 months, check reason  Initial return  Final return  Change in accounting period

7 State in detail why you need the extension  
ADDITIONAL TIME IS NEEDED TO ACQUIRE INFORMATION NECESSARY TO FILE A COMPLETE AND ACCURATE RETURN

8a If this application is for Form 990-BL, 990 PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ \_\_\_\_\_  
 b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 \$ \_\_\_\_\_  
 c Balance Due. Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$ N/A

**Signature and Verification**

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form

Signature Kathy Reynolds Title CPA Date 8/13/03

**Notice to Applicant - To Be Completed by the IRS**

We have approved this application. Please attach this form to the organization's return.  
 We have not approved this application. However, we have granted a 10-day grace period from the last date shown on the due date of the organization's return (including any prior extensions). This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely return. Please attach this form to the organization's return. 8/13/2003  
 We have not approved this application. After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file. We are not granting the 10-day grace period. LINDA WICKS, FIELD DIRECTOR  
 We cannot consider this application because it was filed after the due date of the return for which an extension was requested.  
 Other: \_\_\_\_\_

Director \_\_\_\_\_ By \_\_\_\_\_ Date \_\_\_\_\_

Alternate Mailing Address - Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above

Type or print:	Name <b>DEAN, DORTON &amp; FORD, P.S.C.</b>
	Number and street (include suite, room, or apt. no.) Or a P O box number <b>106 W. VINE STREET, SUITE 600</b>
22383P 05-22 02	City or town, province or state, and country (including postal or ZIP code) <b>LEXINGTON, KY 40507</b>

Form 8868 (12-2000)

6-1 REC'D AUG 15 2003 ASC 1945-0 Page 2

Form 8868 (12-2000)
\* If you are filing for an Additional (not automatic) 3-Month Extension, complete only Part II and check this box
Note. Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868
\* If you are filing for an Automatic 3-Month Extension, complete only Part I (on page 1)

Part II Additional (not automatic) 3-Month Extension of Time - Must file Original and One Copy.

Name of Exempt Organization: DISABLED JOCKEYS FUND BRANCH BANKING & TRUST COMPANY, TRUSTEE
Employer identification number:
Number, street, and room or suite no. If a P O box, see instructions: 360 EAST VINE STREET
City, town or post office, state, and ZIP code: LEXINGTON, KY 40507-1514

Check type of return to be filed (File a separate application for each return)
[X] Form 990 [ ] Form 990-EZ [ ] Form 990 T (sec 401(a) or 408(a) trust) [ ] Form 1041-A [ ] Form 5227 [ ] Form 6870
[ ] Form 990-BL [ ] Form 990-PF [ ] Form 990 T (trust other than above) [ ] Form 4720 [ ] Form 6069

STOP Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868

\* If the organization does not have an office or place of business in the United States, check this box
\* If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN)
\* If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for

4 I request an additional 3 month extension of time until NOVEMBER 17, 2003
5 For calendar year 2002, or other tax year beginning and ending
6 If this tax year is for less than 12 months, check reason [ ] Initial return [ ] Final return [ ] Change in accounting period

7 State in detail why you need the extension
ADDITIONAL TIME IS NEEDED TO ACQUIRE INFORMATION NECESSARY TO FILE A COMPLETE AND ACCURATE RETURN

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits See instructions \$ 087503
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 \$
c Balance Due Subtract line 8b from line 8a Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions \$ N/A

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete, and that I am authorized to prepare this form

Signature: Kathy Reynolds Title: CPA Date: 8/13/03

Notice to Applicant - To Be Completed by the IRS
[X] We have approved this application Please attach this form to the organization's return
[X] We have not approved this application However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions) This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely return Please attach this form to the organization's return
[ ] We have not approved this application After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file We are not granting a 10-day grace period
[ ] We cannot consider this application because it was filed after the due date of the return for which an extension was requested
[ ] Other

Director: By: Date:
Stamp: SEP 2 2003 INTERNAL REVENUE SERVICE

Alternate Mailing Address: If you want the copy of this application, an additional 3-month extension returned to an address different than the one entered above

Name: DEAN, DORTON & FORD, P.S.C.
Type or print: Number and street (include suite, room, or apt no) Or a P O box number: 106 W. VINE STREET, SUITE 600
City or town province or state and country (including postal or ZIP code): LEXINGTON, KY 40507

Form 8868  
(December 2000)  
Department of the Treasury  
Internal Revenue Service

**Application for Extension of Time To File an Exempt Organization Return**

1945-0  
OMB No 1545-1708

▶ File a separate application for each return

- If you are filing for an Automatic 3-Month Extension, complete only Part I and check this box
- If you are filing for an Additional (not automatic) 3-Month Extension, complete only Part II (on page 2 of this form)

Note Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

**Part I Automatic 3-Month Extension of Time - Only submit original (no copies needed)**

Note: Form 990-T corporations requesting an automatic 6-month extension - check this box and complete Part I only   
All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns. Partnerships, REMICs and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041

<b>Type or prvt</b>	Name of Exempt Organization <b>DISABLED JOCKEYS FUND BRANCH BANKING &amp; TRUST COMPANY, TRUSTEE</b>	Employer identification number <b>[REDACTED]</b>
<b>File by the due date for filing your return. See instructions.</b>	Number, street, and room or suite no. If a P.O. box, see instructions <b>360 EAST VINE STREET</b>	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions <b>LEXINGTON, KY 40507-1514</b>	

Check type of return to be filed (file a separate application for each return)

- |  |   |                                    |
|--|---|------------------------------------|
| <input checked="" type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (corporation)                 | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL         | <input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ         | <input type="checkbox"/> Form 990-T (trust other than above)      | <input type="checkbox"/> Form 6069 |
| <input type="checkbox"/> Form 990-PF         | <input type="checkbox"/> Form 1041-A                              | <input type="checkbox"/> Form 8870 |

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_ If this is for the whole group, check this box  If it is for part of the group, check this box  and attach a list with the names and EINs of all members the extension will cover

1 I request an automatic 3-month (6-month, for 990-T corporation) extension of time until AUGUST 15, 2003 to file the exempt organization return for the organization named above. The extension is for the organization's return for  calendar year 2002 or  tax year beginning \_\_\_\_\_, and ending \_\_\_\_\_

2 If this tax year is for less than 12 months, check reason  Initial return  Final return  Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ \_\_\_\_\_

b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit \$ \_\_\_\_\_

c Balance Due. Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$ N/A

**Signature and Verification**

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature ▶ Kathy Reynolds Title ▶ CFA Date ▶ 5-9-03  
LHA For Paperwork Reduction Act Notice, see instruction Form 8868 (12-2000)

**Form 990** Return of Organization Exempt From Income Tax  
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Department of the Treasury Internal Revenue Service

OMB No. 1545-0047  
**2003**  
Open to Public Inspection

A For the 2003 calendar year, or tax year beginning and ending

B Check if applicable:  
 Address change  
 Name change  
 Initial return  
 Final return  
 Amended return  
 Appointment pending

C Name of organization  
DISABLED JOCKEYS FUND  
BRANCH BANKING & TRUST COMPANY, TRUSTEE  
Number and street (or P.O. box if mail is not delivered to street address)  
360 EAST VINE STREET  
City or town, state or country, and ZIP + 4  
LEXINGTON, KY 40507-1514

D Employer identification number

E Telephone number  
(859) 281-2120

F Accounting method  
 Cash  
 Accrual  
 Other (specify):

G Website: N/A

H and I are not applicable to section 527 organizations.  
 H(a) Is this a group return for affiliates?  Yes  No  
 H(b) If "Yes," enter number of affiliates:   
 H(c) Are all affiliates included? N/A  Yes  No (If "No," attach a list.)  
 H(d) Is this a separate return filed by an organization covered by a group ruling?  Yes  No  
 I Group Exemption Number:   
 M Check  if the organization is not required to attach Sch B (Form 990, 990-EZ, or 990-PF)

J Organization type (check only one)  501(c) (3)  501(c) (1) or 527

K Check here  if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

L Gross receipts (add lines 6b, 8b, 9b, and 10b to line 12) 327,397.

**Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances**

1	Contributions, gifts, grants, and similar amounts received:				
a	Direct public support	1a	17.		
b	Indirect public support	1b	101.		
c	Government contributions (grants)	1c			
d	Total (add lines 1a through 1c) (cash \$ 118. noncash \$ )	1d		118.	
2	Program service revenue including government fees and contracts (from Part VII, line 93)	2			
3	Membership dues and assessments	3			
4	Interest on savings and temporary cash investments	4		186.	
5	Dividends and interest from securities	5		13,802.	
6	Gross rents	6a			
b	Less: rental expenses	6b			
c	Net rental income or (loss) (subtract line 6b from line 6a)	6c			
7	Other investment income (describe: )	7			
8	Gross amount from sales of assets other than inventory	(A) Securities	313,291.	(B) Other	
b	Less: cost or other basis and sales expenses	8a	258,717.	8b	
c	Gain or (loss) (attach schedule)	8c	54,574.	8c	
d	Net gain or (loss) (combine line 8c, columns (A) and (B))	8d		54,574.	
9	Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>				
a	Gross revenue (not including \$ of contributions reported on line 1a)	9a			
b	Less: direct expenses other than fundraising expenses	9b			
c	Net income or (loss) from special events (subtract line 9b from line 9a)	9c			
10	Gross sales of inventory, less returns and allowances	10a			
b	Less: cost of goods sold	10b			
c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c			
11	Other revenue (from Part VII, line 103)	11		68,680.	
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12		371,160.	
13	Program services (from line 44, column (B))	13		7,698.	
14	Management and general (from line 44, column (C))	14			
15	Fundraising (from line 44, column (D))	15			
16	Payments to affiliates (attach schedule)	16			
17	Total expenses (add lines 13 and 14, column (A))	17		378,858.	
18	Excess or (deficit) for the year (subtract line 17 from line 12)	18		<310,178.>	
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19		440,888.	
20	Other changes in net assets or fund balances (attach explanation)	20		<25,639.>	
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21		105,071.	

RECEIVED JUN 10 2004 OGDEN, UT

SEE STATEMENT 2

12-17-03 LHA For Paperwork Reduction Act Notice, see the separate instructions. Form 990 (2003)

SCANNED JUN 02 2004

34P

DISABLED JOCKEYS FUND  
BRANCH BANKING & TRUST COMPANY, TRUSTEE

Part II Statement of Functional Expenses		All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(b)(1) nonexempt charitable trusts but optional for others.			
Do not include amounts reported on line 8b, 8c, 9b, 10b, or 1B of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (attach schedule)				
23	Specific assistance to individuals (attach schedule)	371,160.	371,160.	STATEMENT 4	
24	Benefits paid to or for members (attach schedule)				
25	Compensation of officers, directors, etc.	0.	0.	0.	0.
26	Other salaries and wages				
27	Pension plan contributions				
28	Other employee benefits				
29	Payroll taxes				
30	Professional fundraising fees				
31	Accounting fees	5,000.		5,000.	
32	Legal fees				
33	Supplies				
34	Telephone				
35	Postage and shipping				
36	Occupancy				
37	Equipment rental and maintenance				
38	Printing and publications				
39	Travel				
40	Conferences, conventions, and meetings				
41	Interest				
42	Depreciation, depletion, etc. (attach schedule)				
43	Other expenses not covered above (itemize).				
43a	STATE FEES & REGISTRATIONS	160.		160.	
43b	FIDUCIARY FEES	2,538.		2,538.	
43c					
43d					
44	TOTAL functional expenses (add lines 22 through 43; Depreciation, depletion, etc. (attach schedule) 42; Do not include lines 8b, 8c, 9b, 10b, or 1B of Part I)	378,858.	371,160.	7,698.	0.

Joint Costs. Check  if you are following SOP 98-2.  
 Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services?  Yes  No  
 If "Yes," enter (i) the aggregate amount of these joint costs \$ \_\_\_\_\_; (B) the amount allocated to Program services \$ \_\_\_\_\_;  
 (iii) the amount allocated to Management and general \$ \_\_\_\_\_; and (iv) the amount allocated to Fundraising \$ \_\_\_\_\_

Part III Statement of Program Service Accomplishments  
 What is the organization's primary exempt purpose? **SEE STATEMENT 3**

All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Do not include achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(b)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)		Program Service Expenses (Required for 501(c)(3) and (4) orgs. and 4947(b)(1) trusts, but optional for others.)
a	DISTRIBUTIONS MADE TO JOCKEYS WHO ARE PERMANENTLY OR TEMPORARILY DISABLED.	
	(Grants and allocations \$ 371,160.)	371,160.
b		
	(Grants and allocations \$ )	
c		
	(Grants and allocations \$ )	
d		
	(Grants and allocations \$ )	
e	Other program services (attach schedule)	
	(Grants and allocations \$ )	
1	Total of Program Service Expenses (should equal line 44, column (B), Program services)	371,160.



DISABLED JOCKEYS FUND  
BRANCH BANKING & TRUST COMPANY, TRUSTEE

Form 990 (2003)

Page 3

**Part IV** Balance Sheets

Note: Where required, attached schedule and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year	(B) End of year	
Assets	46 Cash - non-interest-bearing		46	
	48 Savings and temporary cash investments	69,941.	48 3,273.	
	47 a Accounts receivable	47a		
	b Less: allowance for doubtful accounts	47b	47c	
	48 a Pledges receivable	48a		
	b Less: allowance for doubtful accounts	48b	48c	
	49 Grants receivable		49	
	50 Receivables from officers, directors, trustees, and key employees		50	
	51 a Other notes and loans receivable	51a		
	b Less: allowance for doubtful accounts	51b	51c	
	52 Inventories for sale or use		52	
	53 Prepaid expenses and deferred charges		53	
	54 Investments - securities	<input type="checkbox"/> Cost <input type="checkbox"/> FMV	54	
	55 a Investments - land, buildings, and equipment: basis	55a		
	b Less: accumulated depreciation	55b	55c	
56 Investments - other	SEE STATEMENT 5	56 370,947.		
57 a Land, buildings, and equipment: basis	57a			
b Less: accumulated depreciation	57b	57c		
58 Other assets (describe ▶)		58		
<b>59 Total assets (add lines 45 through 58) (must equal line 74)</b>	<b>440,888.</b>	<b>59 105,071.</b>		
Liabilities	60 Accounts payable and accrued expenses		60	
	61 Grants payable		61	
	62 Deferred revenue		62	
	63 Loans from officers, directors, trustees, and key employees		63	
	64 a Tax-exempt bond liabilities		64a	
	b Mortgages and other notes payable		64b	
65 Other liabilities (describe ▶)		65		
<b>66 Total liabilities (add lines 60 through 65)</b>	<b>0.</b>	<b>66 0.</b>		
Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.				
Net Assets or Fund Balances	67 Unrestricted	440,888.	67 105,071.	
	68 Temporarily restricted		68	
	69 Permanently restricted		69	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.			
	70 Capital stock, trust principal, or current funds		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment, accumulated income, or other funds		72	
<b>73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19, column (B) must equal line 21)</b>	<b>440,888.</b>	<b>73 105,071.</b>		
<b>74 Total liabilities and net assets or fund balances (add lines 66 and 73)</b>	<b>440,888.</b>	<b>74 105,071.</b>		

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

Form 990 (2003) **DISABLED JOCKEYS FUND**  
**BRANCH BANKING & TRUST COMPANY, TRUSTEE** Page 4

<b>Part IV-A</b> Reconciliation of Revenue per Audited Financial Statements with Revenue per Return		<b>Part IV-B</b> Reconciliation of Expenses per Audited Financial Statements with Expenses per Return	
a	Total revenue, gains, and other support per audited financial statements	a	Total expenses and losses per audited financial statements
	N/A		N/A
b	Amounts included on line a but not on line 12, Form 990	b	Amounts included on line a but not on line 17, Form 990
(1)	Net unrealized gains on investments	(1)	Donated services and use of facilities
(2)	Donated services and use of facilities	(2)	Prior year adjustments reported on line 20, Form 990
(3)	Recoveries of prior year grants	(3)	Losses reported on line 20, Form 990
(4)	Other (specify):	(4)	Other (specify):
	Add amounts on lines (1) through (4)		Add amounts on lines (1) through (4)
c	Line a minus line b	c	Line a minus line b
d	Amounts included on line 12, Form 990 but not on line a:	d	Amounts included on line 17, Form 990 but not on line a:
(1)	Investment expenses not included on line 6b, Form 990	(1)	Investment expenses not included on line 6b, Form 990
(2)	Other (specify):	(2)	Other (specify):
	Add amounts on lines (1) and (2)		Add amounts on lines (1) and (2)
e	Total revenue per line 12, Form 990 (line c plus line d)	e	Total expenses per line 17, Form 990 (line c plus line d)

<b>Part V</b> List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated.)				
(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (if not paid, enter -)	(D) Contributions to employee benefit plans & deferred compensation	(E) Expense account and other allowances
BRANCH BANKING & TRUST COMPANY 360 EAST VINE STREET LEXINGTON, KY 40507-1514	TRUSTEE	NOMINAL	0.	0.

78 Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations? If "Yes," attach schedule.  Yes  No

**DISABLED JOCKEYS FUND**  
**BRANCH BANKING & TRUST COMPANY, TRUSTEE**

Form 990 (2003) Page 5

Part VI Other information		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity	76	X
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.	77	X
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	X
78b	If "Yes," has it filed a tax return on Form 990-T for this year?	78b	N/A
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	X
80a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a	X
80b	If "Yes," enter the name of the organization <b>JOCKEYS' GUILD, INC.</b> and check whether it is <input checked="" type="checkbox"/> exempt or <input type="checkbox"/> nonexempt.		
81a	Enter direct or indirect political expenditures. See line 81 instructions	81a	0.
81b	Did the organization file Form 1120-POL for this year?	81b	X
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value? If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)	82a	X
82b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)	82b	N/A
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X
83b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	X
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	N/A
84b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	N/A
85a	501(c)(4), (5), or (6) organizations. Were substantially all dues nondeductible by members?	85a	N/A
85b	Did the organization make only in-house lobbying expenditures of \$2,000 or less?	85b	N/A
If "Yes" was answered to either 85a or 85b, do not complete 85c through 85f below unless the organization received a waiver for proxy tax owed for the prior year.			
85c	Dues, assessments, and similar amounts from members	85c	N/A
85d	Section 162(e) lobbying and political expenditures	85d	N/A
85e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	N/A
85f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	N/A
85g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	N/A
85h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A
86a	501(c)(7) organizations. Enter: a. Initiation fees and capital contributions included on line 12	86a	N/A
86b	Gross receipts, included on line 12, for public use of club facilities	86b	N/A
87a	501(c)(12) organizations. Enter: a. Gross income from members or shareholders	87a	N/A
87b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b	N/A
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88	X
89a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 <b>0.</b> ; section 4912 <b>0.</b> ; section 4955 <b>0.</b>		
89b	501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b	X
89c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958	89c	0.
89d	Enter: Amount of tax on line 89c, above, reimbursed by the organization	89d	0.
90a	List the states with which a copy of this return is filed <b>SEE STATEMENT 6</b>		
90b	Number of employees employed in the pay period that includes March 12, 2003	90b	0
91	The books and records of <b>BRANCH BANKING &amp; TRUST COMPANY</b> Telephone no <b>859-281-2170</b> Located at <b>360 EAST VINE STREET LEXINGTON, KY</b> ZIP + 4 <b>40507-1514</b>		
92	Section 4947(e)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041. Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year	92	N/A

Form 990 (2003) **DISABLED JOCKEYS FUND**  
**BRANCH BANKING & TRUST COMPANY, TRUSTEE** Page 8

**Part VII Analysis of Income-Producing Activities** (See page 33 of the instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) State sec. code	(D) Amount	
83 Program service revenue:					
a					
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	186.	
96 Dividends and interest from securities			14	13,802.	
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	54,574.	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue:					
a					
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0.		68,562.	0.
105 Total (add line 104, columns (B), (D), and (E))					68,562.

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

**Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes** (See page 34 of the instructions.)

Line No. Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).

▼

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities** (See page 34 of the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			

**Part X Information Regarding Transfers Associated with Personal Benefit Contracts** (See page 34 of the instructions.)

- (a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?  Yes  No
- (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?  Yes  No

Prepared by the organization or preparer (print name and title)  
 2/11/11 *D. J. Hickey, Trust Officer*

**SCHEDULE A**  
**(Form 990 or 990-EZ)**

**Organization Exempt Under Section 501(c)(3)**

OMB No 1545-0047

(Except Private Foundation) and Section 501(c)(6), 501(c)(10), 501(n), or Section 4947(a)(1) Nonexempt Charitable Trust

**2003**

Department of the Treasury  
Internal Revenue Service

**Supplementary Information—(See separate instructions.)**  
▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Name of the organization **DISABLED JOCKEYS FUND**  
**BRANCH BANKING & TRUST COMPANY, TRUSTEE** Employer identification number **[REDACTED]**

**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**  
(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
NONE				
Total number of other employees paid over \$50,000 ▶		0		

**Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services**  
(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over \$50,000 for professional services ▶		0

DISABLED JOCKEYS FUND

Schedule A (Form 990 or 990-EZ) 2003 BRANCH BANKING & TRUST COMPANY, TRUSTEE

Page 2

**Part III** Statements About Activities (See page 2 of the instructions.)

	Yes	No
1 During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ _____ \$ _____ (Must equal amounts on line 38, Part VI-A, or line I of Part VI-B) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes," must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.	1	X
2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)		
a Sale, exchange, or leasing of property?	2a	X
b Lending of money or other extension of credit?	2b	X
c Furnishing of goods, services, or facilities?	2c	X
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	2d	X
e Transfer of any part of its income or assets?	2e	X
3 a Do you make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments.)	3a	X
b Do you have a section 403(b) annuity plan for your employees?	3b	X
4 Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?	4	X

**Part IV** Reason for Non-Private Foundation Status (See pages 3 through 6 of the instructions.)

The organization is not a private foundation because it is: (Please check only ONE applicable box.)

- 6  A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 7  A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 8  A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 9  A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 10  A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(vi). Enter the hospital's name, city, and state ▶ \_\_\_\_\_
- 11  An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(vii). (Also complete the Support Schedule in Part IV-A.)
- 11a  An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(viii). (Also complete the Support Schedule in Part IV-A.)
- 11b  A community trust. Section 170(b)(1)(A)(ix). (Also complete the Support Schedule in Part IV-A.)
- 12  An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the Support Schedule in Part IV-A.)
- 13  An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in: (1) lines 5 through 12 above; or (2) section 501(c)(4), (5), or (6). If they meet the test of section 509(a)(2). (See section 509(a)(3).)

Provide the following information about the supported organizations. (See page 5 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Line number from above

- 14  An organization organized and operated to test for public safety. Section 509(a)(4). (See page 6 of the instructions.)

Schedule A (Form 990 or 990-EZ) 2003

DISABLED JOCKEYS FUND

Schedule A (Form 990 or 990-EZ) 2003 BRANCH BANKING & TRUST COMPANY, TRUSTEE Page 3

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12.) Use cash method of accounting. Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in)	(a) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28.)	4,100.	195,127.	263,910.	190,064.	653,201.
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose			14,341.		14,341.
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 losses) from businesses acquired by the organization after June 30, 1975	34,975.	45,078.	42,006.	34,938.	156,997.
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22	39,075.	240,205.	320,257.	225,002.	824,539.
24 Line 23 minus line 17	39,075.	240,205.	305,916.	225,002.	810,198.
25 Enter 1% of line 23	391.	2,402.	3,203.	2,250.	16,204.

26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24	26a	16,204.
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1999 through 2002 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts	26b	322,980.
c Total support for section 509(a)(1) test. Enter line 24, column (e)	26c	810,198.
d Add: Amounts from column (e) for lines: 18 156,997. 19 322,980.	26d	479,977.
e Public support (line 26c minus line 26d total)	26e	330,221.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))	26f	40.7581%

27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: N/A

(2002) (2001) (2000) (1999)

b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year: N/A

(2002) (2001) (2000) (1999)

c Add: Amounts from column (e) for lines: 15 17 20 21

d Add: Line 27a total end line 27b total

e Public support (line 27c total minus line 27d total)

f Total support for section 509(a)(2) test: Enter amount on line 23, column (e)

g Public support percentage (line 27e (numerator) divided by line 27f (denominator))

h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 1999 through 2002, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15. NONE

**DISABLED JOCKEYS FUND**  
 Schedule A (Form 990 or 990-EZ) 2003 **BRANCH BANKING & TRUST COMPANY, TRUSTEE** Page 4  
**Part V Private School Questionnaire** (See page 7 of the instructions.) N/A  
 (To be completed ONLY by schools that checked the box on line 6 in Part IV)

		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe. If "No," please explain. (If you need more space, attach a separate statement.)		
32	Does the organization maintain the following:		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?		
d	Copies of all material used by the organization or on its behalf to solicit contributions? If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)		
33	Does the organization discriminate by race in any way with respect to:		
a	Students' rights or privileges?		
b	Admissions policies?		
c	Employment of faculty or administrative staff?		
d	Scholarships or other financial assistance?		
e	Educational policies?		
f	Use of facilities?		
g	Athletic programs?		
h	Other extracurricular activities? If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)		
34 a	Does the organization receive any financial aid or assistance from a governmental agency?		
b	Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement.		
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation		



**DISABLED JOCKEYS FUND**  
 Schedule A (Form 990 or 990-EZ) 2003 **BRANCH BANKING & TRUST COMPANY, TRUSTEE** Page 6

**Part VI-A Lobbying Expenditures by Electing Public Charities** (See page 9 of the instructions.) N/A  
 (To be completed ONLY by an eligible organization that filed Form 5768)

Check  a If the organization belongs to an affiliated group. Check  b If you checked "a" and "limited control" provisions apply.

Limits on Lobbying Expenditures		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
<small>(The term "expenditures" means amounts paid or incurred.)</small>			
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	N/A	
37	Total lobbying expenditures to influence a legislative body (direct lobbying)		
38	Total lobbying expenditures (add lines 36 and 37)		
39	Other exempt purpose expenditures		
40	Total exempt purpose expenditures (add lines 38 and 39)		
41	Lobbying nontaxable amount. Enter the amount from the following table -		
	<small>If the amount on line 40 is -</small>		
	<small>Not over \$500,000</small> 20% of the amount on line 40		
	<small>Over \$500,000 but not over \$1,000,000</small> \$100,000 plus 15% of the excess over \$500,000		
	<small>Over \$1,000,000 but not over \$1,600,000</small> \$175,000 plus 10% of the excess over \$1,000,000		
	<small>Over \$1,600,000 but not over \$17,000,000</small> \$225,000 plus 8% of the excess over \$1,600,000		
	<small>Over \$17,000,000</small> \$1,000,000		
42	Grassroots nontaxable amount (enter 25% of line 41)		
43	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36		
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38		

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

**4-Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50 on page 11 of the instructions.)

Calendar year (or fiscal year beginning in)	Lobbying Expenditures During 4-Year Averaging Period				N/A
	(a) 2003	(b) 2002	(c) 2001	(d) 2000	(e) Total
45	Lobbying nontaxable amount				0.
46	Lobbying calling amount (150% of line 45(a))				0.
47	Total lobbying expenditures				0.
48	Grassroots nontaxable amount				0.
49	Grassroots calling amount (150% of line 48(a))				0.
50	Grassroots lobbying expenditures				0.

**Part VI-B Lobbying Activity by Nonelecting Public Charities** N/A  
 (For reporting only by organizations that did not complete Part VI-A) (See page 12 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:	Yes	No	Amount
a Volunteers			
b Paid staff or management (include compensation in expenses reported on lines c through h.)			
c Media advertisements			
d Mailings to members, legislators, or the public			
e Publications, or published or broadcast statements			
f Grants to other organizations for lobbying purposes			
g Direct contact with legislators, their staffs, government officials, or a legislative body			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means			
i Total lobbying expenditures (Add lines c through h.)			0.

993741 12-06-03

Schedule A (Form 990 or 990-EZ) 2003



· DISABLED JOCKEYS FUND BRANCH BANKING & T

DESCRIPTION	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	NET GAIN OR (LOSS)
CAPITAL GAINS	313,291.	258,717.	0.	54,574.
TO FORM 990, PART I, LINE 8	313,291.	258,717.	0.	54,574.

DESCRIPTION	AMOUNT
UNREALIZED GAIN ON INVESTMENTS	<25,639.>
TOTAL TO FORM 990, PART I, LINE 20	<25,639.>

DESCRIPTION	AMOUNT
UNREALIZED GAIN ON INVESTMENTS	<25,639.>
TOTAL TO FORM 990, PART I, LINE 20	<25,639.>

PLANATION

THE DISABLED JOCKEYS FUND PROVIDES FINANCIAL HELP TO JOCKEYS WHO ARE PERMANENTLY AND TEMPORARILY DISABLED.

DESCRIPTION	AMOUNT
DISTRIBUTIONS TO OR FOR JOCKEYS WHO ARE PERMANENTLY OR TEMPORARILY DISABLED	371,160.
TOTAL TO FORM 990, PART II, LINE 23	371,160.

DISABLED JOCKEYS FUND BRANCH BANKING & T

FORM 990 OTHER INVESTMENTS STATEMENT 5

DESCRIPTION	VALUATION METHOD	AMOUNT
BRANCH BANKING & TRUST COMPANY	MARKET VALUE	101,798.
TOTAL TO FORM 990, PART IV, LINE 56, COLUMN B		101,798.

FORM 990 LIST OF STATES RECEIVING COPY OF RETURN STATEMENT 6  
PART VI, LINE 90

STATES

KENTUCKY, NEW YORK, CALIFORNIA, ILLINOIS, MARYLAND & FLORIDA

FOOTNOTES STATEMENT 7

THE DISABLED JOCKEYS' FUND IS TERMINATING IN 2004. ALL MONIES CURRENTLY IN THE FUND ARE BEING SPENT ON THE FUNDS' CHARITABLE PURPOSE. NO ADDITIONAL FUNDS ARE BEING SOLICITED.

1945-0

Form 8868  
(December 2000)  
Department of the Treasury  
Internal Revenue Service

**Application for Extension of Time To File an Exempt Organization Return**

OMB No. 1545-1709

File a separate application for each return.

- If you are filing for an Automatic 3-Month Extension, complete only Part I and check this box
  - If you are filing for an Additional (not automatic) 3-Month Extension, complete only Part II (on page 2 of this form).
- Note: Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

**Part I Automatic 3-Month Extension of Time - Only submit original (no copies needed)**

Note: Form 990-T corporations requesting an automatic 6-month extension - check this box and complete Part I only   
All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns. Partnerships, REMICs and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041.

Type or print	Name of Exempt Organization <b>DISABLED JOCKEYS FUND BRANCH BANKING &amp; TRUST COMPANY, TRUSTEE</b>	Employer identification number <b>[REDACTED]</b>
File by the due date for filing your return. See instructions.	Number, street, and room or suite no. if a P.O. box, see instructions. <b>360 EAST VINE STREET</b>	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <b>LEXINGTON, KY 40507-1514</b>	

Check type of return to be filed (file a separate application for each return):

- |  |   |                                    |
|--|---|------------------------------------|
| <input checked="" type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (corporation)                 | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL         | <input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ         | <input type="checkbox"/> Form 990-T (trust other than above)      | <input type="checkbox"/> Form 6069 |
| <input type="checkbox"/> Form 990-PF         | <input type="checkbox"/> Form 1041-A                              | <input type="checkbox"/> Form 8870 |

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_ . If this is for the whole group, check this box  . If it is for part of the group, check this box  and attach a list with the names and EINs of all members the extension will cover.

- 1 I request an automatic 3-month (6-month, for 990-T corporation) extension of time until AUGUST 16, 2004 to file the exempt organization return for the organization named above. The extension is for the organization's return for:
  - calendar year 2003 or
  - tax year beginning \_\_\_\_\_, and ending \_\_\_\_\_
- 2 If this tax year is for less than 12 months, check reason:  Initial return  Final return  Change in accounting period
- 3a If the application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See Instructions ..... \$ \_\_\_\_\_
- b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit ..... \$ \_\_\_\_\_
- c Balance Due. Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See Instructions ..... \$ N/A

**Signature and Verification**

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature Katherine Reppel Title CRA Date 5-13-04  
LHA For Paperwork Reduction Act Notice, see instruction Form 8868 (12-2000)

**Form 990** Return of Organization Exempt From Income Tax  
 Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

OMB No. 1545-0047  
**2003**  
 Open to Public Inspection

Department of the Treasury  
 Internal Revenue Service

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

**A** For the 2003 calendar year, or tax year beginning **JAN 1, 2004** and ending **AUG 31, 2004**

**B** Check if applicable:  
 Address change  
 Name change  
 Initial return  
 Final return  
 Amended return  
 Application pending

**C** Name of organization  
 Please use IRS label or print or type.  
**DISABLED JOCKEYS FUND  
 BRANCH BANKING & TRUST COMPANY, TRUSTEE**  
 Number and street (or P O box if mail is not delivered to street address) Room/suite  
**360 EAST VINE STREET**  
 City or town, state or country, and ZIP + 4  
**LEXINGTON, KY 40507-1514**

**D** Employer identification number  
 [REDACTED]

**E** Telephone number  
**(859) 281-2120**

**F** Accounting method:  Cash  Accrual  
 Other (specify):

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

**G** Website: **N/A**

**H** and **I** are not applicable to section 527 organizations.  
**H(a)** Is this a group return for affiliates?  Yes  No  
**H(b)** If "Yes," enter number of affiliates: **▶**  
**H(c)** Are all affiliates included? **N/A**  Yes  No (if "No," attach a list.)  
**H(d)** Is this a separate return filed by an organization covered by a group ruling?  Yes  No  
**I** Group Exemption Number: **▶**

**J** Organization type:  501(c)(3)  501(c)(29)  501(c)(28)  501(c)(27)  501(c)(26)  501(c)(25)  501(c)(24)  501(c)(23)  501(c)(22)  501(c)(21)  501(c)(20)  501(c)(19)  501(c)(18)  501(c)(17)  501(c)(16)  501(c)(15)  501(c)(14)  501(c)(13)  501(c)(12)  501(c)(11)  501(c)(10)  501(c)(9)  501(c)(8)  501(c)(7)  501(c)(6)  501(c)(5)  501(c)(4)  501(c)(3)  501(c)(2)  501(c)(1)

**K** Check here  if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

**L** Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 **▶ 101,670.**

**M** Check  if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

**Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances**

Revenue		Expenses		Net Assets	
1	Contributions, gifts, grants, and similar amounts received:				
a	Direct public support	1a			
b	Indirect public support	1b	116.		
c	Government contributions (grants)	1c			
d	Total (add lines 1a through 1c) (cash \$ 116. noncash \$ )	1d		116.	
2	Program service revenue including government fees and contracts (from Part VII, line 93)	2			
3	Membership dues and assessments	3			
4	Interest on savings and temporary cash investments	4		67.	
5	Dividends and interest from securities	5		684.	
6a	Gross rents	6a			
b	Less: rental expenses	6b			
c	Net rental income or (loss) (subtract line 6b from line 6a)	6c			
7	Other investment income (describe <b>▶</b> )	7			
8a	Gross amount from sales of assets other than inventory	(A) Securities	(B) Other		
		100,803.	8a		
b	Less: cost or other basis and sales expenses	81,197.	8b		
c	Gain or (loss) (attach schedule)	19,606.	8c		
d	Net gain or (loss) (combine line 8c, columns (A) and (B))	19,606.	8d	19,606.	
9	Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>				
a	Gross revenue (not including \$ of contributions reported on line 1a)	9a			
b	Less: direct expenses other than fundraising expenses	9b			
c	Net income or (loss) from special events (subtract line 9b from line 9a)	9c			
10a	Gross sales of inventory, less returns and allowances	10a			
b	Less: cost of goods sold	10b			
c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c			
11	Other revenue (from Part VII, line 103)	11			
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12		20,473.	
13	Program services (from line 44, column (B))	13		100,261.	
14	Management and general (from line 44, column (C))	14		4,683.	
15	Fundraising (from line 44, column (D))	15			
16	Payments to affiliates (attach schedule)	16			
17	Total expenses (add lines 16 and 44, column (A))	17		104,944.	
18	Excess or (deficit) for the year (subtract line 17 from line 12)	18		<84,471.	
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19		105,071.	
20	Other changes in net assets or fund balances (attach explanation)	20		<20,600.	
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21		0.	

12-17-03 LHA For Paperwork Reduction Act Notice, see the separate instructions. Form 990 (2003)

SCANNED SEP 26 04

98

DISABLED JOCKEYS FUND  
BRANCH BANKING & TRUST COMPANY, TRUSTEE

**Part II** Statement of Functional Expenses All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others Page 2

Do not include amounts reported on line 6b, 6c, 9b, 10b, or 16 of Part I.	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (attach schedule)				
23 Specific assistance to individuals (attach schedule)	100,261.	100,261.	STATEMENT 4	
24 Benefits paid to or for members (attach schedule)				
25 Compensation of officers, directors, etc.	0.	0.	0.	0.
26 Other salaries and wages				
27 Pension plan contributions				
28 Other employee benefits				
29 Payroll taxes				
30 Professional fundraising fees				
31 Accounting fees	4,000.		4,000.	
32 Legal fees				
33 Supplies				
34 Telephone				
35 Postage and shipping				
36 Occupancy				
37 Equipment rental and maintenance				
38 Printing and publications				
39 Travel				
40 Conferences, conventions, and meetings				
41 Interest				
42 Depreciation, depletion, etc. (attach schedule)				
43 Other expenses not covered above (itemize):				
a STATE FEES &				
b REGISTRATIONS	100.		100.	
c FIDUCIARY FEES	583.		583.	
d				
e				
44 Total functional expenses (add lines 22 through 43) (Organizations completing columns (B)-(D) only show total in lines 43-45)	104,944.	100,261.	4,683.	0.

Joint Costs. Check  if you are following SOP 88-2.  
Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services?  Yes  No  
If 'Yes,' enter (i) the aggregate amount of these joint costs \$ \_\_\_\_\_; (ii) the amount allocated to Program services \$ \_\_\_\_\_;  
(iii) the amount allocated to Management and general \$ \_\_\_\_\_; and (iv) the amount allocated to Fundraising \$ \_\_\_\_\_

**Part III** Statement of Program Service Accomplishments

What is the organization's primary exempt purpose? **SEE STATEMENT 3**

Program Service Expenses (Required for 9913(e) and (f) orgs. and 4947(a)(1) trusts; but optional for others)	
a DISTRIBUTIONS MADE TO JOCKEYS WHO ARE PERMANENTLY OR TEMPORARILY DISABLED.	
(Grants and allocations \$ 100,261.)	100,261.
b	
(Grants and allocations \$ )	
c	
(Grants and allocations \$ )	
d	
(Grants and allocations \$ )	
e Other program services (attach schedule)	
(Grants and allocations \$ )	
f Total of Program Service Expenses (should equal line 44, column (B), Program services)	100,261.

Form 990 (2003) **DISABLED JOCKEYS FUND**  
**BRANCH BANKING & TRUST COMPANY, TRUSTEE** Page 3

**Part IV** Balance Sheets

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year	(B) End of year
Assets	45 Cash - non-interest-bearing		45
	46 Savings and temporary cash investments	3,273.	46
	47 a Accounts receivable	47a	
	b Less: allowance for doubtful accounts	47b	47c
	48 a Pledges receivable	48a	
	b Less: allowance for doubtful accounts	48b	48c
	49 Grants receivable		49
	50 Receivables from officers, directors, trustees, and key employees		50
	51 a Other notes and loans receivable	51a	
	b Less: allowance for doubtful accounts	51b	51c
	52 Inventories for sale or use		52
	53 Prepaid expenses and deferred charges		53
	54 Investments - securities <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54
	55 a Investments - land, buildings, and equipment: basis	55a	
	b Less: accumulated depreciation	55b	55c
56 Investments - other SEE STATEMENT 5	101,798.	56 0.	
57 a Land, buildings, and equipment: basis	57a		
b Less: accumulated depreciation	57b	57c	
58 Other assets (describe )		58	
59 Total assets (add lines 45 through 58) (must equal line 74)	105,071.	59 0.	
Liabilities	60 Accounts payable and accrued expenses		60
	61 Grants payable		61
	62 Deferred revenue		62
	63 Loans from officers, directors, trustees, and key employees		63
	64 a Tax-exempt bond liabilities		64a
	b Mortgages and other notes payable		64b
65 Other liabilities (describe )		65	
66 Total liabilities (add lines 60 through 65)	0.	66 0.	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.		
	67 Unrestricted	105,071.	67 0.
	68 Temporarily restricted		68
	69 Permanently restricted		69
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.		
	70 Capital stock, trust principal, or current funds		70
	71 Paid-in or capital surplus, or land, building, and equipment fund		71
	72 Retained earnings, endowment, accumulated income, or other funds		72
73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 59; column (B) must equal line 21)	105,071.	73 0.	
74 Total liabilities and net assets / fund balances (add lines 66 and 73)	105,071.	74 0.	

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.



Form 990 (2003) **DISABLED JOCKEYS FUND** **BRANCH BANKING & TRUST COMPANY, TRUSTEE** Page 4

Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return	Part IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return
<b>a</b> Total revenue, gains, and other support per audited financial statements <span style="float:right">▶</span> <b>a</b> N/A	<b>a</b> Total expenses and losses per audited financial statements <span style="float:right">▶</span> <b>a</b> N/A
<b>b</b> Amounts included on line a but not on line 12, Form 990:	<b>b</b> Amounts included on line a but not on line 17, Form 990:
(1) Net unrealized gains on investments ..... \$	(1) Donated services and use of facilities ... \$
(2) Donated services and use of facilities ... \$	(2) Prior year adjustments reported on line 20, Form 990 ..... \$
(3) Recoveries of prior year grants ..... \$	(3) Losses reported on line 20, Form 990 ... \$
(4) Other (specify): \$	(4) Other (specify): \$
Add amounts on lines (1) through (4) ..... ▶ <b>b</b>	Add amounts on lines (1) through (4) ..... ▶ <b>b</b>
<b>c</b> Line a minus line b ..... ▶ <b>c</b>	<b>c</b> Line a minus line b ..... ▶ <b>c</b>
<b>d</b> Amounts included on line 12, Form 990 but not on line a:	<b>d</b> Amounts included on line 17, Form 990 but not on line a:
(1) Investment expenses not included on line 6b, Form 990 ... \$	(1) Investment expenses not included on line 6b, Form 990 .. \$
(2) Other (specify): \$	(2) Other (specify): \$
Add amounts on lines (1) and (2) ..... ▶ <b>d</b>	Add amounts on lines (1) and (2) ..... ▶ <b>d</b>
<b>e</b> Total revenue per line 12, Form 990 (line c plus line d) ..... ▶ <b>e</b>	<b>e</b> Total expenses per line 17, Form 990 (line c plus line d) ..... ▶ <b>e</b>

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated.)	(B) Title and average hours per week devoted to position	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation	(E) Expense account and other allowances
(A) Name and address <b>BRANCH BANKING &amp; TRUST COMPANY</b> <b>360 EAST VINE STREET</b> <b>LEXINGTON, KY 40507-1514</b>	TRUSTEE NOMINAL	0.	0.	583.

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations? If "Yes," attach schedule.  Yes  No

2023031 12-17-03 Form 990 (2003)

Form 990 (2003) **DISABLED JOCKEYS FUND**  
**BRANCH BANKING & TRUST COMPANY, TRUSTEE** Page 5

Part VI Other information		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity		X
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.		X
78 a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		X
b	If "Yes," has it filed a tax return on Form 990-T for this year? N/A		
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement		X
80 a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?		X
b	If "Yes," enter the name of the organization <b>JOCKEYS' GUILD, INC.</b> and check whether it is <input checked="" type="checkbox"/> exempt or <input type="checkbox"/> nonexempt		
81 a	Enter direct or indirect political expenditures. See line 81 instructions	81a	0
b	Did the organization file Form 1120-POL for this year?	81b	X
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a	X
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)	82b	N/A
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	X
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	N/A
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	N/A
85 a	501(c)(4), (5), or (6) organizations. Were substantially all dues nondeductible by members?	85a	N/A
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes," was answered to either 85a or 85b, do not complete 85c through 85h unless the organization received a waiver for proxy tax owed for the prior year.	85b	N/A
c	Dues, assessments, and similar amounts from members	85c	N/A
d	Section 162(e) lobbying and political expenditures	85d	N/A
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	N/A
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	N/A
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	N/A
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A
86	501(c)(7) organizations. Enter: a. Initiation fees and capital contributions included on line 12	86a	N/A
b	Gross receipts, included on line 12, for public use of club facilities	86b	N/A
87	501(c)(12) organizations. Enter: a. Gross income from members or shareholders	87a	N/A
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b	N/A
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88	X
89 a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 <u>0</u> ; section 4912 <u>0</u> ; section 4955 <u>0</u>		
b	501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b	X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		0
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization		0
90	List the states with which a copy of this return is filed <u>KENTUCKY</u>	90b	0
91	Number of employees employed in the pay period that includes March 12, 2003		
	The books are in care of <u>BRANCH BANKING &amp; TRUST COMPANY</u> Telephone no. <u>859-281-2126</u>		
	Located at <u>360 EAST VINE STREET LEXINGTON, KY</u> ZIP + 4 <u>40507-1514</u>		
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year	92	N/A

DISABLED JOCKEYS FUND  
BRANCH BANKING & TRUST COMPANY, TRUSTEE

Form 990 (2003) Page 6

**Part VII Analysis of Income-Producing Activities** (See page 33 of the instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclu- sion code	(D) Amount	
93 Program service revenue:					
a					
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	67.	
96 Dividends and interest from securities			14	684.	
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	19,606.	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue:					
a					
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0.		20,357.	0.
105 Total (add line 104, columns (B), (D), and (E))					20,357.

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

**Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes** (See page 34 of the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
1	
2	
3	
4	
5	

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities** (See page 34 of the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			

**Part X Information Regarding Transfers Associated with Personal Benefit Contracts** (See page 34 of the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?  Yes  No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?  Yes  No

114107  
 I, Barry Horsey, Trust Officer  
 Type or print name and title.  
 I certify that the information on this return is true and correct to the best of my knowledge and belief, it is true, and I am not aware of any information which would require any disclosure.

**SCHEDULE A**  
(Form 990 or 990-EZ)

**Organization Exempt Under Section 501(c)(3)**

OMB No 1545-0047

(Except Private Foundation and Section 501(e), 501(f), 501(k),  
501(n), or Section 4947(a)(1) Nonexempt Charitable Trust)

**2003**

**Supplementary Information—(See separate instructions.)**

Department of the Treasury  
Internal Revenue Service

**MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Name of the organization **DISABLED JOCKEYS FUND  
BRANCH BANKING & TRUST COMPANY, TRUSTEE** Employer identification number **██████████**

**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**  
(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
NONE				

Total number of other employees paid over \$50,000 **0**

**Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services**  
(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

Total number of others receiving over \$50,000 for professional services **0**

**DISABLED JOCKEYS FUND**  
 Schedule A (Form 990 or 990-EZ) 2003 **BRANCH BANKING & TRUST COMPANY, TRUSTEE** Page 2

**Part III** Statements About Activities (See page 2 of the instructions) Yes No

<p><b>1</b> During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities: ▶ \$ _____ \$ _____ (Must equal amounts on line 3B, Part VI-A, or line I of Part VI-B.)</p> <p>Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes," must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.</p> <p><b>2</b> During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)</p> <p><b>a</b> Sale, exchange, or leasing of property? ..... 2a <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p><b>b</b> Lending of money or other extension of credit? ..... 2b <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p><b>c</b> Furnishing of goods, services, or facilities? ..... 2c <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p><b>d</b> Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? ..... 2d <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p><b>e</b> Transfer of any part of its income or assets? ..... 2e <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p><b>3 a</b> Do you make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments.) ..... 3a <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p><b>b</b> Do you have a section 403(b) annuity plan for your employees? ..... 3b <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p><b>4</b> Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds? ..... 4 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>1</p> <p>2a</p> <p>2b</p> <p>2c</p> <p>2d</p> <p>2e</p> <p>3a</p> <p>3b</p> <p>4</p>
--	---

**Part IV** Reason for Non-Private Foundation Status (See pages 3 through 6 of the instructions.)

The organization is not a private foundation because it is: (Please check only ONE applicable box.)

<b>5</b>	<input type="checkbox"/> A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).	
<b>6</b>	<input type="checkbox"/> A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)	
<b>7</b>	<input type="checkbox"/> A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).	
<b>8</b>	<input type="checkbox"/> A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(iv).	
<b>9</b>	<input type="checkbox"/> A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(v). Enter the hospital's name, city, and state: ▶ _____	
<b>10</b>	<input type="checkbox"/> An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(vi). (Also complete the Support Schedule in Part IV-A.)	
<b>11a</b>	<input checked="" type="checkbox"/> An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vii). (Also complete the Support Schedule in Part IV-A.)	
<b>11b</b>	<input type="checkbox"/> A community trust. Section 170(b)(1)(A)(viii). (Also complete the Support Schedule in Part IV-A.)	
<b>12</b>	<input type="checkbox"/> An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the Support Schedule in Part IV-A.)	
<b>13</b>	<input type="checkbox"/> An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in: (1) lines 5 through 12 above; or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). (See section 509(a)(3).) Provide the following information about the supported organizations. (See page 5 of the instructions.)	
	(a) Name(s) of supported organization(s)	(b) Line number from above

**14**  An organization organized and operated to test for public safety. Section 509(a)(4). (See page 6 of the instructions.)

DISABLED JOCKEYS FUND

Schedule A (Form 990 or 990-EZ) 2003 BRANCH BANKING & TRUST COMPANY, TRUSTEE Page 3

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12.) Use cash method of accounting. Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in)	(a) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28.)	118.	4,100.	195,127.	263,910.	463,255.
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose				14,341.	14,341.
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	13,988.	34,975.	45,078.	42,006.	136,047.
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets.					
23 Total of lines 15 through 22	14,106.	39,075.	240,205.	320,257.	613,643.
24 Line 23 minus line 17	14,106.	39,075.	240,205.	305,916.	599,302.
25 Enter 1% of line 23	141.	391.	2,402.	3,203.	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24					26a 11,986.
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1999 through 2002 exceeded the amount shown in line 25a. Do not file this list with your return. Enter the total of all these excess amounts					26b 232,569.
c Total support for section 509(a)(1) test. Enter line 24, column (e)					26c 599,302.
d Add: Amounts from column (e) for lines: 18 136,047. 19					26d 368,616.
22 14,106. 26b 232,569.					26e 230,686.
e Public support (line 26c minus line 26d total)					26f 38.4924%
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26g
27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: N/A					
(2002) (2001) (2000) (1999)					
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year: N/A					
(2002) (2001) (2000) (1999)					
c Add: Amounts from column (e) for lines: 15 16 17 20					27a N/A
21 21					27b N/A
d Add: Line 27a total 2nd line 27b total					27c N/A
e Public support (line 27c total minus line 27d total)					27d N/A
f Total support for section 509(a)(2) test: Enter amount on line 23, column (e)					27e N/A
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27f N/A %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27g N/A %

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 1999 through 2002, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.

**DISABLED JOCKEYS FUND**  
 Schedule A (Form 990 or 990-EZ) 2003 **BRANCH BANKING & TRUST COMPANY, TRUSTEE** Page 4  
**Part V Private School Questionnaire** (See page 7 of the instructions) N/A  
 (To be completed **ONLY** by schools that checked the box on line 6 in Part IV)

		Yes	No
29 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body? .....	29		
30 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships? .....	30		
31 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? .....	31		
If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)			
32 Does the organization maintain the following			
a Records indicating the racial composition of the student body, faculty, and administrative staff? .....	32a		
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis? .....	32b		
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships? .....	32c		
d Copies of all material used by the organization or on its behalf to solicit contributions? .....	32d		
If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)			
33 Does the organization discriminate by race in any way with respect to:			
a Students' rights or privileges? .....	33a		
b Admissions policies? .....	33b		
c Employment of faculty or administrative staff? .....	33c		
d Scholarships or other financial assistance? .....	33d		
e Educational policies? .....	33e		
f Use of facilities? .....	33f		
g Athletic programs? .....	33g		
h Other extracurricular activities? .....	33h		
If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)			
34 a Does the organization receive any financial aid or assistance from a governmental agency? .....	34a		
b Has the organization's right to such aid ever been revoked or suspended? .....	34b		
If you answered "Yes" to either 34a or b, please explain using an attached statement.			
35 Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation .....	35		

Schedule A (Form 990 or 990-EZ) 2003

**DISABLED JOCKEYS FUND**  
 Schedule A (Form 990 or 990-EZ) 2003 **BRANCH BANKING & TRUST COMPANY, TRUSTEE** Page 5

**Part VI-A** Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions) N/A  
 (To be completed ONLY by an eligible organization that filed Form 5768)

Check  a  if the organization belongs to an affiliated group Check  b  if you checked "a" and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a)	(b)
	Affiliated group totals	To be completed for ALL electing organizations
	N/A	
36 Total lobbying expenditures to influence public opinion (grassroots lobbying) .....	36	
37 Total lobbying expenditures to influence a legislative body (direct lobbying) .....	37	
38 Total lobbying expenditures (add lines 36 and 37) .....	38	
39 Other exempt purpose expenditures .....	39	
40 Total exempt purpose expenditures (add lines 38 and 39) .....	40	
41 Lobbying nontaxable amount. Enter the amount from the following table - If the amount on line 40 is - The lobbying nontaxable amount is -		
Not over \$500,000 ..... 20% of the amount on line 40 .....		
Over \$500,000 but not over \$1,000,000 ..... \$100,000 plus 15% of the excess over \$500,000 .....		
Over \$1,000,000 but not over \$1,500,000 ..... \$175,000 plus 10% of the excess over \$1,000,000 .....	41	
Over \$1,500,000 but not over \$17,000,000 ..... \$225,000 plus 6% of the excess over \$1,500,000 .....		
Over \$17,000,000 ..... \$1,000,000 .....		
42 Grassroots nontaxable amount (enter 25% of line 41) .....	42	
43 Subtract line 42 from line 38. Enter -0- if line 42 is more than line 38 .....	43	
44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38 .....	44	

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

**4-Year Averaging Period Under Section 601(h)**  
 (Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50 on page 11 of the instructions.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				N/A
	(a) 2003	(b) 2002	(c) 2001	(d) 2000	(e) Total
45 Lobbying nontaxable amount .....					0.
46 Lobbying ceiling amount (150% of line 45(e)) .....					0.
47 Total lobbying expenditures .....					0.
48 Grassroots nontaxable amount .....					0.
49 Grassroots ceiling amount (150% of line 48(e)) .....					0.
50 Grassroots lobbying expenditures .....					0.

**Part VI-B** Lobbying Activity by Nontaxing Public Charities N/A  
 (For reporting only by organizations that did not complete Part VI-A) (See page 12 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:	Yes	No	Amount
a Volunteers .....			
b Paid staff or management (Include compensation in expenses reported on lines e through h.) .....			
c Media advertisements .....			
d Mailings to members, legislators, or the public .....			
e Publications, or published or broadcast statements .....			
f Grants to other organizations for lobbying purposes .....			
g Direct contact with legislators, their staffs, government officials, or a legislative body .....			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means .....			
i Total lobbying expenditures (Add lines c through h.) .....			0.

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.





DISABLED JOCKEYS FUND BRANCH BANKING & T

FORM 990 GAIN (LOSS) FROM PUBLICLY TRADED SECURITIES STATEMENT 1

DESCRIPTION	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	NET GAIN OR (LOSS)
CAPITAL GAINS	100,803.	81,197.	0.	19,606.
TOTAL TO FORM 990, PART I, LINE 8	100,803.	81,197.	0.	19,606.

FORM 990 OTHER CHANGES IN NET ASSETS OR FUND BALANCES STATEMENT 2

DESCRIPTION	AMOUNT
UNREALIZED GAIN ON INVESTMENTS	<20,600.>
TOTAL TO FORM 990, PART I, LINE 20	<20,600.>

FORM 990 STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE STATEMENT 3  
PART III

EXPLANATION

THE DISABLED JOCKEYS FUND PROVIDES FINANCIAL HELP TO JOCKEYS WHO ARE PERMANENTLY AND TEMPORARILY DISABLED.

FORM 990 SPECIFIC ASSISTANCE TO INDIVIDUALS STATEMENT 4

DESCRIPTION	AMOUNT
DISTRIBUTIONS TO OR FOR JOCKEYS WHO ARE PERMANENTLY OR TEMPORARILY DISABLED	100,261.
TOTAL TO FORM 990, PART II, LINE 23	100,261.

DISABLED JOCKEYS FUND BRANCH BANKING & T

DESCRIPTION	VALUATION METHOD	AMOUNT
FORM 990	OTHER INVESTMENTS	STATEMENT 5
BRANCH BANKING & TRUST COMPANY	MARKET VALUE	0.
TOTAL TO FORM 990, PART IV, LINE 56, COLUMN B		0.
FOOTNOTES		STATEMENT 6

THE DISABLED JOCKEYS' FUND IS TERMINATING IN 2004. ALL MONIES CURRENTLY IN THE FUND ARE BEING SPENT ON THE FUNDS' CHARITABLE PURPOSE. NO ADDITIONAL FUNDS ARE BEING SOLICITED.



24 September 2003

VIA FACSIMILE, E-MAIL, AND USPS

Marc A. Schultz, CPA  
 Piazza, Donnelly & Marlette, LLP  
 21707 Hawthorne Boulevard, Suite 301  
 Torrance, California 90503

RE: *QUESTIONS REGARDING DISABLED JOCKEYS' FUND (12/31/2002)*

Dear Marc,

The answers to your questions are as follows; please let me know if you need any additional information.

1. Are there any donor restrictions in connection with year 2002 contributions received?

*The Disabled Jockeys' Fund does not generally accept donor restrictions, so there were no donor restrictions in connection with year 2002 contributions received.*

2. Are there any receipts or acknowledgments provided to donors who contributed more than \$250 to the fund?

*Yes, a thank-you-letter is sent to all contributors and it acknowledges the amount of the contribution.*

3. Who is the \$125,913 contribution from? Is document support available for this deposit?

*The contribution is from multiple people. We do have supporting document to show the itemization.*

4. Why did benefit payments increase significantly from \$179,450 to \$838,707, in 2001 and 2002, respectively?

*In 2001, the Disabled Jockeys' Fund provided only assistance for special circumstances to the permanently disabled members of the Jockeys' Guild; whereas in 2002, the Disabled Jockeys' Fund provided financial aid assistance to all disabled jockeys and assistance for medical bills and other special circumstances to the permanently disabled members.*

5. We briefly discussed the benefit payment reimbursements being made to Jockeys Guild, Inc. Why did the accounting procedures change from the prior year? Can you provide detail that supports all of the related expenses?

*The management of Jockeys' Guild, Inc. decided, in accordance with the trust agreement with Vine Street Trust (now Branch Banking & Trust), to change the benefits payments from the Disabled Jockeys' Fund as shown in the answer to question number four, thereby changing the accounting procedures from the prior year. Detail supporting the related expenses can be provided.*



Marc A. Schultz, CPA  
Page 2  
24 September 2003

6. How were distributions to beneficiaries determined? These include monthly distributions to jockeys, extra benefits payments to jockeys, and other miscellaneous payments for various items. Does Jockeys Fund disburse funds based on receipts or requests submitted by jockeys?

*Distributions to beneficiaries were determined in the same manner as in previous years. As before, \$250 is the amount of monthly financial aid paid to the permanently disabled unless they were injured in California, in which case they receive \$1000. Additionally, if they are enrolled in Medicare, they receive a reimbursement of \$60 for their monthly premium, except in California. Extra benefits are paid to the permanently disabled if their total household income is less than \$18,000 per annum. Benefits are also reduced if the permanently disabled have a large household income from either a spouse or a settlement from the injury.*

*Other payments are made to the permanently disabled jockeys based on need; if a permanently disabled jockey has other medical expenses, or a special need case, they submit either receipts or call with a request for reimbursement or payment of other expenditures.*

*In the case of temporary disability, jockeys injured in non-workers'-compensation states receive \$200 per week in disability, which is paid according to the payments made by the jockeys' on-track disability policy held by the racetracks. Jockeys injured in states with workers' compensation receive \$100 per week, which is paid according to copies of the check stubs from the workers' compensation plans submitted by the jockeys.*

7. Please describe the benefit payment authorization process.

*The benefit payments to the permanently disabled jockeys are authorized by the Disabled Jockeys' Committee if they exceed \$500, otherwise they can be authorized by Albert Fiss or Dr. Gertmenian. The payments to the temporarily disabled jockeys are paid according to the payments made by other insurance companies; for example, if the on-track insurance company, Preferred Care, Inc. pays for two weeks, the jockey is paid for two weeks.*

8. How is a Jockey determined to be disabled? What documents are available for support?

*A jockey is determined to be permanently disabled if he or she is declared as such by the Social Security Administration; the documents from the Social Security Administration are on file. The on-track insurance carriers determine eligibility for temporary disability benefits; the documents showing disability dates are on file.*



Marc A. Schultz, CPA  
Page 3  
24 September 2003

9. Why did the Fund change trustees from Vine Street to Branch Banking & Trust Co.?

*Branch Banking & Trust Co. (BB&T) acquired Vine Street Trust.*

Again, if you need supporting document for the above questions, let me know.

Sincerely,

JOCKEYS' GUILD, INC.

Stephen J. Rice  
Controller & CFO

cc: L. G. Marlette, Jr.

*Confidential*

AGREEMENT

The Jockeys' Guild, Inc. (hereinafter "the Guild") was incorporated in 1940 to address the health and welfare of jockeys and their families. It currently has a Board of Directors of 27 jockeys, including an Executive Committee of nine members.

Matrix Capital Associates, Inc. (hereinafter "Matrix") was incorporated in 1981 to advise clients on matters of investments, negotiations, and management. All personnel have advanced degrees in a variety of professions including law, finance, economics, business, accounting, and management. Dr. L Wayne Gertmenian is Chairman and CEO.

The Guild employs a business staff to act on its behalf. On 15 June 2001, the Executive Committee, at a meeting with all members present, voted unanimously to hire Matrix to be its independent operating manager.

NOW, THEREFORE, pursuant to this decision, the parties hereto agree as follows:

The Guild hereby hires Matrix and Matrix agrees to serve the Guild as its manager, commencing at 11:00 p.m. (Pacific Time), 15 June 2001, for a period ending December 31, 2001, with extensions as hereinafter provided.

Matrix will be responsible for all business affairs of the Guild subject to the Guild's By-Laws and Articles of Incorporation. Matrix will operate the Guild's offices immediately, make a comprehensive inventory, and audit the Guild's affairs. Matrix will manage all financial matters of the Guild, and in that capacity, its agents are authorized to become signatories on all Guild bank accounts.

Matrix shall determine which recently terminated Guild employees if any, will be rehired and those to whom it will extend severance packages, conditional upon obtaining a comprehensive release from each employee designated for receipt of a severance package. Matrix shall seek to negotiate an agreement with John Giovanni subject to the approval of the Executive Committee, settling all outstanding rights and duties between the Guild and Mr. Giovanni.

The Guild shall pay Matrix for the performance of their management services, the sum not to exceed the pro-rated budgetary amount previously scheduled for the payment of all the Guild employees' wages and fringe benefits. The Guild will also be responsible for all necessary and customary expenses incurred by Matrix.

On or before 31 October 2001, the parties agree to determine whether to extend Matrix's contract beyond 31 December 2001, and the terms and conditions thereof, or, in the alternative, to select a management team to succeed Matrix on 1 January 2002. If the Executive Committee is unable to make this determination by 31 October 2001, the contract with Matrix will automatically be extended by 90 days beyond 31 December 2001, to permit time for the Guild and Matrix to complete a new agreement.

MATRIX CAPITAL ASSOCIATES, INC.

JOCKEYS' GUILD INC.

by: *L Wayne Gertmenian* 25 June 01  
L Wayne Gertmenian, Chairman Date

by: \_\_\_\_\_  
Tomey Swan, Acting President Date

by: *Michael McCarthy*  
Michael McCarthy, Vice-President Date

by: *Robert Colton* 6/26/01  
Robert Colton, Acting Secretary Date

by: *Anthony Black* 6/25/01  
Anthony Black, Treasurer Date

by: \_\_\_\_\_  
Chris McCarron, Member-at-Large Date

000452

## AGREEMENT

The Jockeys' Guild, Inc. (hereinafter "the Guild") was incorporated in 1940 in New York, and reincorporated in 2002 in Nevada. The Guild's corporate purpose is stated in its By-Laws:

*"The Guild promotes, protects, and serves the welfare and prestige of the American professional jockey community with integrity, equity, and justice."*

Matrix Capital Associates, Inc. (hereinafter "Matrix") was incorporated in 1982 in California. Its corporate purpose is to advise clients on matters of investments, negotiations, and management. Matrix personnel have advanced degrees in a variety of professions, including law, finance, economics, business, accounting, and management. Dr. L. Wayne Gertmenian is Chairman and CEO.

On 15 June 2001, the Guild's Executive Committee, at a meeting with all members present, voted unanimously to hire Matrix as its interim operating manager. On 11 December 2001, the Guild's Board of Directors, at a meeting with all members present, voted unanimously to hire Matrix for the succeeding three years.

Prior to the employment of Matrix, the Guild was in perilous financial condition. Accordingly, Matrix provided services at far below customary rates during the past transitional period. The Guild's Board unanimously resolved on 3 December 2002 to compensate the Matrix staff at customary rates when future revenues permit. It is clear that the Guild is now in excellent financial condition.

The Guild recognizes and agrees that Dr. Gertmenian and his associates, while serving the Guild, have provided and will continue to provide, consulting services to other clients, and that Dr. Gertmenian will retain his position as Distinguished Professor of Economics at Pepperdine University.

**NOW THEREFORE**, the parties hereto agree as follows:

1. The Guild and Matrix hereby agree that Matrix will continue as the Guild's independent operating manager for a three-year term commencing 1 January 2004 and ending 31 December 2006.
2. Subject to the Nevada Articles of Incorporation and the Guild's By-Laws, the Guild shall employ Dr. Gertmenian as President and Chief Executive Officer to perform all the customary functions of a CEO. Dr. Gertmenian will hire all employees of the Guild; and will employ all professional, lobbying, and technical consultants as required, including Matrix personnel.
3. The Guild will provide *Directors and Officers Insurance* for Dr. Gertmenian, Matrix, Matrix consultants, and the Guild's Directors. The Guild will continue to provide legal representation to Dr. Gertmenian, Matrix, and those individuals acting on the Guild's behalf since 1 March 2001 to the full extent permitted by the applicable Non-Profit and Not-for-Profit Corporate Law.



4. Effective 1 January 2004, the Guild shall pay to the benefit of Dr. Gertmenian:
  - a. An annual salary of One Hundred and Sixty Thousand Dollars (\$160,000.00) paid monthly, such salary to be re-negotiated on or before 31 December 2004;
  - b. Premiums for reasonable and customary Disability Insurance;
  - c. Premiums of Twelve Thousand Dollars (\$12,000.00) per year for Life Insurance, the beneficiaries to be designated by Dr. Gertmenian;
  - d. A leased car with a cost to the Guild not to exceed Five Hundred Dollars (\$500.00) per month, plus the cost of auto insurance; and
  - e. All reasonable and customary business expenses.
5. Should Dr. Gertmenian continue in his position of President and CEO beyond 31 December 2003, it is understood that, to the extent legally possible and mutually beneficial, he shall be added to the current pension plan of the Guild and given credit for service rendered from 15 June 2001.
6. On or before December 31<sup>st</sup> of each year, and as permitted by the By-Laws, both parties agree to re-negotiate, extend, or terminate this contract. In the absence of such agreement by said date, this contract shall be extended for one year and yearly thereafter, until the parties reach an agreement or agree to terminate this contract. Either party must provide thirty (30) days written notification of termination, and, in that event, the Guild shall immediately pay the balance of Dr. Gertmenian's salary owing on the contract then in force.
7. In the event that Dr. Gertmenian ceases to be the Guild's CEO, Matrix will continue to provide its management services at the will of both parties. If either the Guild or Matrix choose to terminate the management services of Matrix, the Guild will pay Matrix an amount equal to the consulting fees charged during the six months immediately prior to that termination. This payment shall be made within thirty (30) days of written notification by either party.
8. Matrix will lease office space to the Guild for ten (10) years in California to replace the combined space leased or rented by the Guild, including the principal business office, storage, and apartments, and temporary facilities in California. The first year's rental amount shall not exceed \$97,464.00; i.e., the total rents budgeted for 2003. Matrix shall provide details regarding the premises to the Chairman for approval within seven (7) days. The approval shall not be withheld without good cause.
9. This agreement is the entire agreement between the parties and supersedes all prior agreements, understandings, statements, or representations, whether written or oral; may not amended, altered, or changed except in writing signed by both parties; and shall be governed by the laws of the State of California.

THE JOCKEYS' GUILD, INC.		MATRIX CAPITAL ASSOCIATES, INC.	
by <u>[Signature]</u>	<u>12-1-03</u>	by <u>[Signature]</u>	<u>1 DEC 03</u>
Tomey J. Ryan, Chairman	Date	L. Wayne Gertmenian, Chairman	Date
by <u>[Signature]</u>	<u>12-1-03</u>	by <u>[Signature]</u>	<u>12-1-03</u>
by <u>[Signature]</u>	<u>12-1-03</u>	by <u>[Signature]</u>	<u>12-1-03</u>
by <u>[Signature]</u>	<u>12-1-03</u>	by <u>[Signature]</u>	<u>12-1-03</u>

**AGREEMENT**

The Jockeys' Guild, Inc. (hereinafter "the Guild") was incorporated in 1940 in New York, and reincorporated in 2002 in Nevada. The Guild's corporate purpose is stated in its By-Laws:

*"The Guild promotes, protects, and serves the welfare and prestige of the American professional jockey community with integrity, equity, and justice."*

Matrix Capital Associates, Inc. (hereinafter "Matrix") was incorporated in 1982 in California. Its corporate purpose is to advise clients on matters of investments, negotiations, and management. Matrix personnel have advanced degrees in a variety of professions, including law, finance, economics, business, accounting, and management. Dr. L. Wayne Gertmenian is Chairman and CEO.

On 15 June 2001, the Guild's Executive Committee, at a meeting with all members present, voted unanimously to hire Matrix as its interim operating manager. On 11 December 2001, the Guild's Board of Directors, at a meeting with all members present, voted unanimously to hire Matrix for the succeeding three years. On 3 December 2003, the agreement with Matrix was extended through 2006.

Prior to the employment of Matrix, the Guild was in perilous financial condition. Accordingly, Matrix provided services at far below customary rates during the past transitional period. The Guild's Board unanimously resolved on 3 December 2002 to compensate the Matrix staff at customary rates when future revenues permit.

The Guild recognizes and agrees that Dr. Gertmenian and his associates, while serving the Guild, have provided and will continue to provide, consulting services to other clients, and that Dr. Gertmenian will retain his position as Distinguished Professor of Economics at Pepperdine University.

**NOW THEREFORE**, the parties hereto agree as follows:

1. The Guild and Matrix hereby agree that Matrix will continue as the Guild's independent operating manager for a four-year term commencing 1 January 2005 and ending 31 December 2008.
2. Subject to the Nevada Articles of Incorporation and the Guild's By-Laws, the Guild shall employ Dr. Gertmenian as President and Chief Executive Officer to perform all the customary functions of a CEO. Dr. Gertmenian will hire all employees of the Guild; and will employ all professional, lobbying, and technical consultants as required, including Matrix personnel.
3. The Guild will provide *Directors and Officers Insurance* for Dr. Gertmenian, Matrix, Matrix consultants, and the Guild's Directors. The Guild will continue to provide legal representation to Dr. Gertmenian, Matrix, and those individuals acting on the Guild's behalf since 1 March 2001 to the full extent permitted by the applicable Non-Profit and Not-for-Profit Corporate Law.

4. Effective 1 January 2005, the Guild shall pay to the benefit of Dr. Gertmenian:
  - a. An annual salary of one hundred and seventy-five thousand dollars (\$175,000) paid monthly, such salary to be re-negotiated on or before 31 December 2005;
  - b. Premiums for reasonable and customary Disability Insurance;
  - c. Premiums of Twelve Thousand Dollars (\$12,000.00) per year for Life Insurance, the beneficiaries to be designated by Dr. Gertmenian;
  - d. A leased car with a cost to the Guild not to exceed six hundred dollars (\$600.00) per month, plus the cost of auto insurance; and
  - e. All reasonable and customary business expenses.
5. To the extent legally possible, Dr. Gertmenian shall be included in the current pension plan of the Guild and given credit for service rendered from 15 June 2001.
6. On or before December 31<sup>st</sup> of each year, and as permitted by the By-Laws, both parties agree to re-negotiate, extend, or terminate this contract. In the absence of such agreement by said date, this contract shall be extended for one year and yearly thereafter, until the parties reach an agreement or agree to terminate this contract. Either party must provide thirty (30) days written notification of termination, and, in that event, the Guild shall immediately pay the balance of Dr. Gertmenian's salary owing on the contract then in force.
7. In the event that Dr. Gertmenian ceases to be the Guild's CEO, Matrix will continue to provide its management services at the will of both parties. If either the Guild or Matrix choose to terminate the management services of Matrix, the Guild will pay Matrix an amount equal to the consulting fees charged during the six months immediately prior to that termination. This payment shall be made within thirty (30) days of written notification by either party.
8. Matrix shall provide office and storage space to the Guild at the prevailing market rate for as long as this contract remains in effect.
9. This agreement is the entire agreement between the parties and supersedes all prior agreements, understandings, statements, or representations, whether written or oral; may not be amended, altered, or changed except in writing signed by both parties; and shall be governed by the laws of the State of California.

THE JOCKEYS' GUILD, INC.

MATRIX CAPITAL ASSOCIATES, INC.

by David Shepherd  
David Shepherd, Chairman

by L. Wayne Gertmenian 7 Dec 04  
L. Wayne Gertmenian, Chairman Date

by Tom O'Fallon 12/7/04

by David Shepherd 12-7-04

by Jeff Johnston 12/7/04

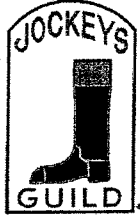
by David Shepherd 12-7-04

by Shirley Reynolds 12/7/04

by \_\_\_\_\_


676

Tab 51



**JOCKEYS' GUILD, INC.**  
PO BOX 150 · MONROVIA, CALIFORNIA 91017-0150, USA  
phone | 626.305.5605 · facsimile | 626.305.5615

***FAX cover sheet***

<b>TO:</b>	<b>FROM:</b>
TOMEY SWAN	Stephen J. Rice 
<b>COMPANY:</b>	<b>DATE:</b>
JOCKEYS' GUILD, INC.	Monday, July 14, 2003
<b>FAX NUMBER:</b>	<b>TOTAL NO. OF PAGES INCLUDING COVER:</b>
505-378-5430	4
<b>PHONE NUMBER:</b>	<b>RE:</b>
580-795-3075	MATRIX INVOICES

**COMMENTS:**

Ms. Swan-

I have three invoices from Matrix Capital Associates that need approval from the Board before disbursing funds. Please sign the three invoices with the word APPROVED and fax them back to me. Thanks!

Steve

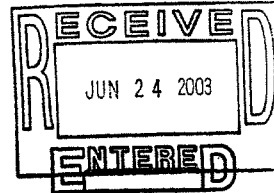
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The information contained in this communication may be privileged, confidential, and protected from disclosure under applicable law. If the reader of this communication is not the intended recipient, or an employee or agent responsible for delivering this communication to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify the sender by telephone and destroy the facsimile copy immediately.

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677

**MATRIX**  
CAPITAL ASSOCIATES, INC.  
4 Hidden Valley Road, Monrovia, CA 91016  
626-359-2178



**INVOICE**

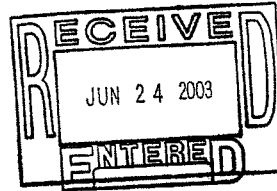
To: Jockeys' Guild of America  
Re: Services Rendered for the Month of June  
Date: 16 July 2003

Amount Due: **\$38,000**

Payable upon receipt

678

**MATRIX**  
CAPITAL ASSOCIATES, INC.  
4 Hidden Valley Road, Monrovia, CA 91016  
626-359-2178



**INVOICE**

To: Jockeys' Guild of America  
Re: Services Rendered for the Month of May  
Date: 16 June 2003

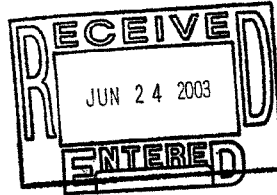
Amount Due: **\$38,000**

Payable upon receipt

*[Faint, illegible text]*

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**MATRIX**  
CAPITAL ASSOCIATES, INC.  
4 Hidden Valley Road, Monrovia, CA 91016  
626-359-2178



**INVOICE**

To: Jockeys' Guild of America  
Re: Services Rendered for the Month of April  
Date: 16 May 2003

Amount Due: **\$38,000**

Payable upon receipt

CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. Jockeys' Guild, Inc. P.O. Box 250 Lexington, KY 40588-0250		1 Rents	OMB No. 1545-0115  <b>2002</b>  Form 1099-MISC	Miscellaneous Income
		2 Royalties		
		3 Other income		
PAYER'S Federal identification number	RECIPIENT'S identification number 95-	5 Fishing boat proceeds	6 Medical and health care payments	Copy B For Recipient  This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
RECIPIENT'S name, street address (including apt. no.), city, state, and ZIP code L WAYNE GERTMENIAN MATRIX CAPITAL ASSOCIATES  4 HIDDEN VALLEY ROAD  MONROVIA CA 91016		7 Nonemployee compensation	8 Substitute payments in lieu of dividends or interest	
Account number (optional)		9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient for resale) <input type="checkbox"/>	10 Crop insurance proceeds	
		11	12	
		13 Excess golden parachute payments	14 Gross proceeds paid to an attorney	
15		16 State tax withheld	17 State/Payer's state no.	18 State Income

Form 1099-MISC

(Keep for your records.)

Department of the Treasury - Internal Revenue Service



To the Board of Directors of  
The Jockey's Guild

I understand you are considering whether or not to approve a proposed contract extending the Guild's existing contract with Matrix Capital. As you know, I reviewed the draft contract prepared by Dr. G and then provided to your Chairman a revised draft which addressed several of the deficiencies (from the viewpoint of the Guild) in Dr. G's draft. In considering how hard you want to press Matrix on these changes, or whether you wish to press for additional provisions in favor of the Guild, or even whether you wish to refuse to enter into any contract extension at this time, you will probably want to consider the Guild's rights and obligations under the existing contract with Matrix that was entered into in December 2001 (the "Existing Agreement").

1. The Existing Agreement is for a three-year term, ending December 31, 2004. During that term, Matrix is supposed to act as the Guild's "independent operating manager," but it is not clear what duties Matrix is supposed to perform (separate from the services that are to be provided by Dr. G) or what the Guild has agreed to pay Matrix for those services. I understand that this may be covered by a separate agreement between the Guild and Matrix, but I have not seen that agreement.

2. The Existing Agreement also provides that the Guild will employ Dr. G as its President and CEO, even though there does not appear to be any direct employment agreement between the Guild and Dr. G. Although the Existing Agreement is somewhat ambiguous, it seems to provide that such employment is to be for the same three-year term as is the agreement with Matrix, ending in December 31, 2004. The Existing Agreement does not indicate when Dr. G would be permitted to resign as the Guild's President, or when the Guild would be permitted to terminate him. However, if Dr. G ceases to be the Guild's CEO (presumably, whether this is due to his death, disability, resignation or termination), then Matrix is still supposed to continue as the Guild's "independent operating manager," although either the Guild or Matrix is permitted to terminate that "independent operating manager" arrangement if at any time thereafter.

3. For his services as the Guild's President and CEO, Dr. G is to receive an annual salary of \$75,000, premiums to pay his disability insurance, premiums (\$12,000) for his life insurance, a leased car (at a cost of not more than \$500 per month) and payment of his "reasonable and customary" business expenses. Dr. G is also supposed to be added to the Guild's pension plan, effective as of June 15, 2001, if he is still President and CEO of the Guild after December 31, 2004.

4. Dr. G's salary was supposed to be "re-negotiated" on or before June 30, 2002. I am not aware whether or not this salary was, in fact, re-negotiated. If not, this might give Dr. G cause to resign as President and CEO and might give Matrix a right to terminate the Existing Agreement, although this is not clear from the agreement.

5. The Existing Agreement contemplates that the Guild will close its Lexington office (I assume this has already occurred), and that Matrix "will" lease office space in California to the Guild for ten years at an amount that does not exceed \$97,464 per year. Matrix is supposed to provide "details" about the proposed lease premises to the Chairman of the Guild,

who would then have 7 days to approve or reject, with any disapproval requiring "good cause." I am not aware whether or not office space has yet been offered by Matrix to the Chairman (the Existing Agreement is silent as to when Matrix is supposed to do so) and, if it has, whether or not the space, and lease terms, has been found suitable by the Chairman. If so, a written lease should be entered into as soon as possible, specifying exactly what premises are covered, what the actual rent will be (although \$97,464 is specified as the maximum, the actual rent should not exceed "fair rental value" for the space), what services, if any, are to be provided by the landlord, and other provisions commonly found in a lease for office space. If there has not yet been any agreement as to the space to be leased, or as to the rent and other terms of the lease, the Existing Agreement leaves open a lot of issues that still need to be addressed. If Matrix will not (or cannot) provide space deemed suitable by the Guild, at a rent and on terms deemed suitable by the Guild, it is unclear whether or not the Guild is then free to find other suitable space to lease from some third party landlord.

6. The Guild and Matrix agreed to "re-negotiate, extend, or terminate" the Existing Agreement on or before each December 31. Thus, the first such re-negotiation was required to occur by December 31, 2002. I assume the current discussions are intended to satisfy this obligation.

7. If the Guild and Matrix are unable to reach an agreement to "re-negotiate, extend, or terminate" the Existing Agreement by December 31, 2002 (of course, they can continue to negotiate beyond that date if both parties are willing, as appears to be the case), it is unclear what happens to the Existing Agreement. There is no express provision permitting either party to terminate, although that is what seems to be contemplated. If the Existing Agreement is terminated, then so, presumably, would be the obligation by Matrix to rent space to the Guild, and the obligation by the Guild to rent space from Matrix, unless a lease had already been entered into by the parties before such termination.

8. If either Matrix or the Guild terminates the Existing Agreement (although, as indicated, neither of them is actually given a right to do so), then the Existing Agreement seems to contemplate that Dr. G will cease to act as the Guild's President and CEO, although it does not say so specifically. In that event, the Guild is obligated to pay to Dr. G the balance of his three-year's salary. I would read this as being salary only (i.e., \$6,250 times the number of months between the termination and December 31, 2004), and not any of his other benefits (disability insurance, life insurance, rental car, etc.). Such payment is due within 90 days "of written notification by either party," and I assume that Matrix would demand such payment, on Dr. G's behalf, as soon as the Existing Agreement were terminated.

9. If the Guild and Matrix are unable to reach a mutually satisfactory agreement to "re-negotiate, extend, or terminate" the Existing Agreement by December 31, 2002, then even if the Existing Agreement is not terminated, then either party (presumably Matrix) can still give notice to the other (the Guild) requiring payment to Dr. G, within 90 days thereafter, of the balance of his three year's of salary. Although it does not say so explicitly, I read this as also permitting the Guild to terminate Dr. G as its President and CEO, by giving notice to Matrix any time after December 31, 2002, if the Guild and Matrix are unable to agree on a new agreement (although the balance of the three year's of salary would still have to be paid to him).

In summary, it appears (despite the several ambiguities in the Existing Agreement) that

- if the Guild and Matrix are unable hereafter to reach a mutually satisfactory agreement to “re-negotiate, extend, or terminate,” then either party will be able to terminate the Existing Agreement by giving notice to the other.
- If Matrix were to terminate, Dr. G would presumably resign as President at the same time. Even if Dr. G did not resign, the termination of the Existing Agreement would probably permit the Guild to terminate Dr. G as its President and CEO. In either event, the Guild would have to pay Dr. G the balance of his three years of salary.
- If the Guild were to terminate, then the Guild could also terminate Dr. G’s services as President and CEO. Even if the Guild chose not to do so, Dr. G would undoubtedly be permitted to resign if he wished to do so. In either event, the Guild would have to pay Dr. G the balance of his three years of salary.
- If any lease had been entered into by Matrix and the Guild before such termination, it would remain in effect. If, however, no such lease had been entered into before such termination, Matrix would no longer have an obligation to lease space to the Guild and the Guild would no longer have an obligation to lease space from Matrix.
- If neither party chooses to terminate the Existing Agreement, despite their inability to reach a mutually satisfactory agreement to “re-negotiate, extend, or terminate,” then the terms of the Existing Agreement, including Dr. G’s employment as an officer at the specified salary and perks, would remain in effect until December 31, 2004.

I would be pleased to discuss any of the above matters at a meeting with the Board members if that would be useful to you.

Steve Blitz

Department of the Treasury Internal Revenue Service  
**Form 1120 U.S. Corporation Income Tax Return 2001**  
 Instructions are separate. See Instructions for Paperwork Reduction Act Notice. IRS use only — Do not write or staple in this space.

For calendar year 2001 or tax year beginning 2001, ending 2001, OMB No. 1545-0029

**A Check if a:**  
 1 Consolidated return (attach Form 951)  **Use IRS label.**  
 2 Personal holding company (attach Schedule PH)  **Otherwise, print or type.**  
 3 Personal service corp. (as defined in Regs. Section 1.441-4T (see instructions))

**B Employer Identification Number**  
 95-  
**C Date incorporated**  
 8/23/1982  
**D Total Assets (see instructions)**

**E Check applicable boxes:** (1) Initial return (2) Final return (3) Name change (4) Address change \$ 108,044.

<b>INCOME</b>	1 a Gross receipts or sales	208,343	b Less returns & allowances		c Balance	1 c	208,343
	2 Cost of goods sold (Schedule A, line 8)					2	
	3 Gross profit. Subtract line 2 from line 1c					3	208,343
	4 Dividends (Schedule C, line 19)					4	
	5 Interest					5	
	6 Gross rents					6	
	7 Gross royalties					7	
	8 Capital gain net income (attach Schedule D (Form 1120))					8	
	9 Net gain or (loss) from Form 4797, Part II, line 18 (attach Form 4797)					9	
	10 Other income (see instructions — attach schedule)					10	
	11 Total income. Add lines 3 through 10					11	208,343
<b>DEDUCTIONS</b>	12 Compensation of officers (Schedule E, line 4)					12	
	13 Salaries and wages (less employment credits)					13	
	14 Repairs and maintenance					14	8,196
	15 Bad debts					15	
	16 Rents					16	
	17 Taxes and licenses					17	887
	18 Interest					18	
	19 Charitable contributions (see instructions for 10% limitation)					19	102
	20 Depreciation (attach Form 4562)	20				20	
	21 Less depreciation claimed on Schedule A and elsewhere on return	21 a				21 b	
	22 Depletion					22	
	23 Advertising					23	
	24 Pension, profit-sharing, etc. plans					24	
	25 Employee benefit programs					25	
	26 Other deductions (attach schedule)		SEE STATEMENT			26	106,598
	27 Total deductions. Add lines 12 through 26					27	115,783
<b>TAX AND PAYMENTS</b>	28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11					28	92,560
	29 Less: a Net operating loss (NOL) deduction (see instructions)	29 a	86,842			29 b	
	b Special deductions (Schedule C, line 20)	29 b				29 c	86,842
	30 Taxable income. Subtract line 29c from line 28					30	5,718
	31 Total tax (Schedule J, line 11)					31	2,001
	32 Payments: a 2000 overpayment credited to 2001	32 a					
	b 2001 estimated tax payments	32 b					
	c Less 2001 refund applied for on Form 4466	32 c					
	d Bal	32 d	0				
	e Tax deposited with Form 7004	32 e					
f Credit for tax paid on undistributed capital gains (attach Form 2439)	32 f						
g Credit for federal tax on fuels (attach Form 4136). See instructions	32 g					0	
33 Estimated tax penalty (see instructions). Check if Form 2220 is attached	33					80	
34 Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed	34					2,081	
35 Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid	35						
36 Enter amount of line 35 you want credited to 2002 estimated tax	36					Refunded	

**Sign Here**  
 Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.  
 Signature of Officer: [Signature] Date: [Date] Title: [Title] Preparer's SSN or PTIN: [EN-XXXX-XXXX] May the IRS discuss this return with the preparer shown below? (see inst)  Yes  No

**Paid Preparer's Use Only**  
 Preparer's Signature: [Signature] Date: [Date] Check if self-employed:  Preparer's SSN or PTIN: [EN-XXXX-XXXX]  
 Firm's Name (or yours if self-employed), Address, and ZIP Code: PIAZZA, DONNELLY & MARLETTE, 3460 TORRANCE BLVD., SUITE 150, TORRANCE, CA 90503  
 Phone No. (310) 540-4118

BAA CPCAG205L 01/01/02 Form 1120 (2001)

Part 3 Cost of Goods Sold (see instructions)	
1 Inventory at beginning of year	1
2 Purchases	2
3 Cost of labor	3
4 Additional Section 263A costs (attach schedule)	4
5 Other costs (attach schedule)	5
6 Total. Add lines 1 through 5	6
7 Inventory at end of year	7
8 Cost of goods sold. Subtract line 7 from line 6. Enter here and on line 2, page 1	8

- 9a Check all methods used for valuing closing inventory:
- (i)  Cost as described in Regulations Section 1.471-3
  - (ii)  Lower of cost or market as described in Regulations Section 1.471-4
  - (iii)  Other (specify method used and attach explanation) \_\_\_\_\_
- b Check if there was a writedown of subnormal goods as described in Regulations Section 1.471-2(c)
- c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)
- d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO
- e If property is produced or acquired for resale, do the rules of Section 263A apply to the corporation?  Yes  No
- f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation  Yes  No

Part 4 Dividends and Special Deductions (see instructions)	(a) Dividends received	(b) Percentage	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock)		70	
2 Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock)		80	
3 Dividends on debt-financed stock of domestic and foreign corporations (Section 246A)		SEE INSTR.	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction		70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction		80	
8 Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (Section 245(b))		100	
9 Total. Add lines 1 through 8. See instructions for limitation			
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1988		100	
11 Dividends from certain FSCs that are subject to the 100% deduction (Sec 245(c)(1))		100	
12 Dividends from foreign corporations not included on lines 3, 6, 7, 8, or 11		100	
13 Other dividends from foreign corporations not included on lines 3, 6, 7, 8, or 11			
14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15 Foreign dividend gross-up (Section 7B)			
16 10-DISC and former DISC dividends not included on lines 1, 2, or 3 (Section 246(d))			
17 Other dividends			
18 Deduction for dividends paid on certain preferred stock of public utilities			
19 Total dividends. Add lines 1 through 17. Enter here and on line 4, page 1			
20 Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on line 29b, page 1			

**Part 5 Compensation of Officers** (see instructions for line 12, page 1.)  
 Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1, Form 1120) are \$500,000 or more.

1	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
				(d) Common	(e) Preferred	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
2	Total compensation of officers					
3	Compensation of officers claimed on Schedule A and elsewhere on return					
4	Subtract line 3 from line 2. Enter the result here and on line 12, page 1					

**Schedule M Tax Computation** (see instructions)

1 Check if the corporation is a member of a controlled group (see Sections 1561 and 1563)

**Important:** Members of a controlled group, see instructions.

2a If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, & \$9,925,000 taxable income brackets (in that order):  
 (1) \$ \_\_\_\_\_ (2) \$ \_\_\_\_\_ (3) \$ \_\_\_\_\_

b Enter the corporation's share of: (1) Additional 5% tax (not more than \$11,730) ..... \$ \_\_\_\_\_  
 (2) Additional 3% tax (not more than \$100,000) ..... \$ \_\_\_\_\_

3 Income tax. Check if a qualified personal service corporation under Section 448(d)(2) (see instructions)  **3** 2,001.

4 Alternative minimum tax (attach Form 4626) ..... **4**

5 Add lines 3 and 4 ..... **5** 2,001.

6a Foreign tax credit (attach Form 1118) ..... **6a**

b Possessions tax credit (attach Form 5735) ..... **6b**

c Check:  Nonconventional source fuel credit  QEV credit (attach Form 8834) ..... **6c**

d General business credit. Check box(es) and indicate which forms are attached.  
 Form 3800  Form(s) (specify) ..... **6d**

e Credit for prior year minimum tax (attach Form 8827) ..... **6e**

f Qualified zone academy bond credit (attach Form 8860) ..... **6f**

7 **Total credits.** Add lines 6a through 6f ..... **7**

8 Subtract line 7 from line 5 ..... **8** 2,001.

9 Personal holding company tax (attach Schedule PH (Form 1120)) ..... **9**

10 Other taxes. Check if from:  Form 4255  Form 8611  Form 8697  
 Form 8866  Other (attach schedule) ..... **10**

11 **Total tax.** Add lines 8 through 10. Enter here and on line 31, page 1. .... **11** 2,001.

**Other Information** (see instructions)

1 Check method of accounting: a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) _____	Yes No		7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation? If 'Yes,' enter: (a) Percentage owned ..... and (b) Owner's country _____	Yes No
2 See the instructions and enter the: a Business activity code no. <b>523140</b> b Business activity <b>INVESTMENTS</b> c Product or service <b>INVESTMENT COUNSEL</b>			c The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached _____	
3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see Section 267(c).) <input checked="" type="checkbox"/>	Yes No		8 Check this box if the corporation issued publicly offered debt instruments with original issue discount ..... <input type="checkbox"/> If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.	
If 'Yes,' attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.			9 Enter the amount of tax-exempt interest received or accrued during the tax year. .... \$ <b>NONE</b>	
4 Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? <input checked="" type="checkbox"/> If 'Yes,' enter name and EIN of the parent corporation _____	Yes No		10 Enter the number of shareholders at the end of the tax year (if 75 or fewer) ..... <b>1</b>	
5 At the end of the tax year, did any individual, partnership, corporation, estate or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see Section 267(c).) <input checked="" type="checkbox"/> If 'Yes,' attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter % owned <b>100 %</b> <b>SEE STATEMENT 3</b>	Yes No		11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ..... <input type="checkbox"/> If the corporation is filing a consolidated return, the statement required by Regulations Section 1.1502-21(b)(3)(i) or (j) must be attached or the election will not be valid.	
6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See Sections 301 and 316.) <input checked="" type="checkbox"/> If 'Yes,' file Form 5452, Corporate Report of Nondividend Distributions.	Yes No		12 Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) = \$ <b>86,842</b>	

**Note:** If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Schedule L Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash		3,544.		108,044.
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach schedule)				
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach schedule)				
10a Buildings and other depreciable assets	4,568.		4,568.	
b Less accumulated depreciation	4,568.		4,568.	
11a Depletable assets				
b Less accumulated depletion				
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)				
b Less accumulated amortization				
14 Other assets (attach schedule)				
15 Total assets		3,544.		108,044.
<b>Liabilities and Shareholders' Equity</b>				
16 Accounts payable				
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities (attach sch)				
19 Loans from shareholders		94,141.		110,171.
20 Mortgages, notes, bonds payable in 1 year or more				
21 Other liabilities (attach schedule)				
22 Capital stock: a Preferred stock				
b Common stock	5,000.	5,000.	5,000.	5,000.
23 Additional paid-in capital				
24 Retained earnings — Approp (att sch)				
25 Retained earnings — Unappropriated		-95,597.		-7,127.
26 Adjust to shareholders' equity (att sch)				
27 Less cost of treasury stock				
28 Total liabilities and shareholders' equity		3,544.		108,044.

Note: The corporation is not required to complete Schedules M-1 and M-2 if the total assets on line 15, column (d) of Schedule L are less than \$25,000.

Schedule L Reconciliation of Income (Loss) per Books With Income per Return (see instructions)			
1 Net income (loss) per books	88,470.	7	Income recorded on books this year not included on this return (itemize):
2 Federal income tax per books			Tax-exempt interest \$
3 Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (itemize):			
5 Expenses recorded on books this year not deducted on this return (itemize):		8	Deductions on this return not charged against book income this year (itemize):
a Depreciation	\$	a	Depreciation \$
b Charitable contributions	\$	b	Charitable contribs \$ 67.
c Travel & entertainment	790.		
STATEMENT 4	3,367.		
	4,157.	9	Add lines 7 and 8
6 Add lines 1 through 5	92,627.	10	Income (line 28, page 1) — line 6 less line 9
			92,560.

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)			
1 Balance at beginning of year	-95,597.	5	Distributions
2 Net income (loss) per books	88,470.	a	Cash
3 Other increases (itemize):		b	Stock
		c	Property
		6	Other decreases (itemize):
4 Add lines 1, 2, and 3	-7,127.	7	Add lines 5 and 6
		8	Balance at end of year (line 4 less line 7)
			-7,127.

**Form 2220** **Underpayment of Estimated Tax by Corporations** OMB No. 1545-0142  
 Department of the Treasury **2001**  
 Internal Revenue Service See separate instructions. Attach to the corporation's tax return.

Name **MATRIX CAPITAL ASSOCIATES, INC.** Employer Identification Number **95-XXXXXX**

**Note:** In most cases, the corporation does not need to file Form 2220. (See Part I below for exceptions.) The IRS will figure any penalty owed and bill the corporation. If the corporation does not need to file Form 2220, it may still use it to figure the penalty. Enter the amount from line 36 on the estimated tax penalty line of the corporation's income tax return, but do not attach Form 2220.

**Part I Reasons for Filing** - Check the boxes below that apply to the corporation. If any boxes are checked, the corporation must file Form 2220, even if it does not owe the penalty. If the box on line 1 or line 2 applies, the corporation may be able to lower or eliminate the penalty.

- 1 The corporation is using the annualized income installment method.
  - 2 The corporation is using the adjusted seasonal installment method.
  - 3 The corporation is a 'large corporation' figuring its first required installment based on the prior year's tax.
- Note:** The corporation also must file Form 2220 if it has a suspended research credit allowed for the current year (see the instructions for line 4) or it is an indirectly affected taxpayer (see instructions).

**Part II Figuring the Underpayment**

4	Total tax (see instructions).....	4	2,001.
5a	Personal holding company tax (Schedule PH (Form 1120), line 26) included on line 4.....	5a	
5b	Look-back interest included on line 4 under Section 460(b)(2) for completed long-term contracts or Section 167(g) for depreciation under the income forecast method.....	5b	
5c	Credit for federal tax paid on fuels (see instructions).....	5c	
5d	Total. Add lines 5a through 5c.....	5d	
6	Subtract line 5d from line 4. If the result is less than \$500, do not complete or file this form. The corporation does not owe the penalty.....	6	2,001.
7	Enter the tax shown on the corporation's 2000 income tax return. <b>Caution:</b> See instructions before completing this line.....	7	
8	Enter the smaller of line 6 or line 7. If the corporation must skip line 7, enter the amount from line 6.....	8	2,001.

	(a)	(b)	(c)	(d)
9	4/15/01	6/15/01	10/01/01	12/15/01
10	500.	500.	500.	501.
11				
12				
13				
14		500.	1,000.	1,500.
15	0.	0.	0.	0.
16		500.	1,000.	
17	500.	500.	500.	501.
18				

**Complete Part III on page 2 to figure the penalty. If there are no entries on line 17, no penalty is owed.**  
 BAA For paperwork reduction act notice, see separate instructions. Form 2220 (2001)



**Part III Figuring the Penalty**

	(a)	(b)	(c)	(d)
19 Enter the date of payment or the 15th day of the 3rd month after the close of the tax year, whichever is earlier (see instructions). (Form 990-PF and Form 990-1 filers: Use 5th month instead of 3rd month.)	3/15/02	3/15/02	3/15/02	3/15/02
20 Number of days from due date of installment on line 9 to the date shown on line 19.	334	273	165	90
21 Number of days on line 20 after 4/15/2001 and before 7/1/2001.	76	15		
22 Underpayment on line 17 x $\frac{\text{Number of days on line 21}}{365}$ x 8%.	8.33	1.64		
23 Number of days on line 20 after 6/30/2001 and before 7/1/2002.	184	184	91	16
24 Underpayment on line 17 x $\frac{\text{Number of days on line 23}}{365}$ x 7%.	17.64	17.64	8.73	1.54
25 Number of days on line 20 after 12/31/2001 and before 4/1/2002.	74	74	74	74
26 Underpayment on line 17 x $\frac{\text{Number of days on line 25}}{365}$ x 6%.	6.08	6.08	6.08	6.09
27 Number of days on line 20 after 3/31/2002 and before 7/1/2002.				
28 Underpayment on line 17 x $\frac{\text{Number of days on line 27}}{365}$ x ____ %.				
29 Number of days on line 20 after 6/30/2002 and before 10/1/2002.				
30 Underpayment on line 17 x $\frac{\text{Number of days on line 29}}{365}$ x ____ %.				
31 Number of days on line 20 after 9/30/2002 and before 1/1/2003.				
32 Underpayment on line 17 x $\frac{\text{Number of days on line 31}}{365}$ x ____ %.				
33 Number of days on line 20 after 12/31/2002 and before 2/16/2003.				
34 Underpayment on line 17 x $\frac{\text{Number of days on line 33}}{365}$ x ____ %.				
35 Add lines 22, 24, 26, 28, 30, 32, and 34.	32.05	25.36	14.81	7.63
36 Penalty. Add columns (a) through (d), of line 35. Enter the total here and on Form 1120, line 33; Form 1120-A, line 25; or the comparable line for other income tax returns.				80.

\*For underpayments paid after March 31, 2002: For lines 28, 30, 32, and 34, use the penalty interest rate for each calendar quarter, which the IRS will determine during the first month in the preceding quarter. These rates are published quarterly in an IRS News Release and in a revenue ruling in the Internal Revenue Bulletin. To obtain this information on the Internet, access the IRS web site at [www.irs.gov](http://www.irs.gov). You can also call 1-800-829-1040 to get interest rate information.

Form <b>4562</b> (Rev. March 2002) Department of the Treasury Internal Revenue Service	<b>Depreciation and Amortization</b> (Including Information on Listed Property) See separate instructions. Attach to your tax return.	OMB No. 1545-0172 <b>2001</b> 67 Identifying Number 95-
Name(s) Shown on Return <b>MATRIX CAPITAL ASSOCIATES, INC.</b>		Identifying Number 95-
Business or Activity to Which This Form Relates <b>FORM 1120</b>		

**Part II Election to Expense Certain Tangible Property Under Section 179**  
 Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount. See instructions for a higher limit for certain businesses.....	1	\$24,000.						
2 Total cost of Section 179 property placed in service (see instructions).....	2							
3 Threshold cost of Section 179 property before reduction in limitation.....	3	\$200,000.						
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-.....	4							
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions.....	5							
<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%;">6 (a) Description of property</td> <td style="width:20%;">(b) Cost (business use only)</td> <td style="width:30%;">(c) Elected cost</td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> </table>			6 (a) Description of property	(b) Cost (business use only)	(c) Elected cost			
6 (a) Description of property	(b) Cost (business use only)	(c) Elected cost						
7 Listed property. Enter the amount from line 29.....	7							
8 Total elected cost of Section 179 property. Add amounts in column (c), lines 6 and 7.....	8							
9 Tentative deduction. Enter the smaller of line 5 or line 8.....	9							
10 Carryover of disallowed deduction from line 13 of your 2000 Form 4562.....	10							
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs.).....	11							
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11.....	12							
13 Carryover of disallowed deduction to 2002. Add lines 9 and 10, less line 12.....	13							

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part III Special Depreciation Allowance and Other Depreciation (Do not include listed property.)**

14 Special depreciation allowance for certain property (other than listed property) acquired after September 10, 2001 (see instructions).....	14	
15 Property subject to Section 168(f)(1) election (see instructions).....	15	
16 Other depreciation (including ACRS) (see instructions).....	16	

**Part IV MACRS Depreciation (Do not include listed property.) (See instructions)**

**Section A**

17 MACRS deductions for assets placed in service in tax years beginning before 2001.....	17	
18 If you are electing under Section 168(f)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

**Section B - Assets Placed in Service During 2001 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property.....						
b 5-year property.....						
c 7-year property.....						
d 10-year property.....						
e 15-year property.....						
f 20-year property.....						
g 25-year property.....			25 yrs		S/L	
h Residential rental property.....			27.5 yrs	MM	S/L	
i Nonresidential real property.....			27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	
				MM	S/L	

**Section C - Assets Placed in Service During 2001 Tax Year Using the Alternative Depreciation System**

20a Class life.....					
b 12-year.....			12 yrs		S/L
c 40-year.....			40 yrs	MM	S/L

**Part V Summary (See instructions)**

21 Listed property. Enter amount from line 28.....	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions.....	22	
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to Section 263A costs.....	23	

2001	FEDERAL STATEMENTS	PAGE 1
	MATRIX CAPITAL ASSOCIATES, INC.	95- <span style="background-color: black; color: black;">XXXX</span>
<b>STATEMENT 1</b>		
<b>FORM 1120, LINE 26</b>		
<b>OTHER DEDUCTIONS</b>		
ACCOUNTING.....	\$	3,036.
AUTO AND TRUCK.....		15,843.
BANK CHARGES.....		51.
CLIENT MATERIALS.....		5,700.
DUES AND SUBSCRIPTIONS.....		2,335.
GIFTS.....		832.
INSURANCE.....		7,447.
LEGAL AND PROFESSIONAL.....		16,848.
MEALS AND ENTERTAINMENT.....		790.
MISCELLANEOUS.....		788.
OFFICE EXPENSE.....		29,600.
POSTAGE.....		136.
PRINTING.....		93.
PROFESSIONAL DEVELOPMENT.....		309.
RESEARCH.....		904.
STORAGE.....		397.
TELEPHONE.....		2,973.
TRAVEL.....		16,365.
UTILITIES.....		2,151.
	TOTAL	<u>\$ 106,598.</u>
<b>STATEMENT 2</b>		
<b>FORM 1120, LINE 29A</b>		
<b>NET OPERATING LOSS DEDUCTION</b>		
CARRYOVER GENERATED FROM YEAR END 12/31/94	\$	11,382.
AMOUNT UTILIZED IN	733.	
TOTAL UTILIZATION	\$	733.
AVAILABLE FOR CARRYOVER TO 2001.....		10,649.
CARRYOVER GENERATED FROM YEAR END 12/31/95	\$	19,717.
AVAILABLE FOR CARRYOVER TO 2001.....		19,717.
CARRYOVER GENERATED FROM YEAR END 12/31/96	\$	20,402.
AVAILABLE FOR CARRYOVER TO 2001.....		20,402.
CARRYOVER GENERATED FROM YEAR END 12/31/97	\$	6,150.
AVAILABLE FOR CARRYOVER TO 2001.....		6,150.
CARRYOVER GENERATED FROM YEAR END 12/31/98	\$	8,079.
AVAILABLE FOR CARRYOVER TO 2001.....		8,079.

<b>2001</b>	<b>FEDERAL STATEMENTS</b>	<b>PAGE 2</b>
	MATRIX CAPITAL ASSOCIATES, INC.	95- <span style="background-color: black; color: black;">XXXXXXXXXX</span>
<b>STATEMENT 2 (CONTINUED)</b>		
<b>FORM 1120, LINE 29A</b>		
<b>NET OPERATING LOSS DEDUCTION</b>		
CARRYOVER GENERATED FROM YEAR END 12/31/99	\$ 5,559.	
AVAILABLE FOR CARRYOVER TO 2001.....		5,559.
CARRYOVER GENERATED FROM YEAR END 12/31/00	\$ 16,286.	
AVAILABLE FOR CARRYOVER TO 2001.....		16,286.
TOTAL NET OPERATING LOSS DEDUCTION.....		<u>\$ 86,842.</u>
<b>STATEMENT 3</b>		
<b>FORM 1120, SCHEDULE K, LINE 5</b>		
<b>50% OR MORE OWNERS</b>		
NAME :	L. WAYNE GERTMENIAN	
ID NUMBER :	<span style="background-color: black; color: black;">XXXXXXXXXX</span>	
PERCENTAGE OWNED :	100.00%	
<b>STATEMENT 4</b>		
<b>FORM 1120, SCHEDULE M-1, LINE 5</b>		
<b>BOOK EXPENSES NOT DEDUCTED</b>		
OFFICERS LIFE INSURANCE PREMIUMS.....	\$ 3,367.	
	TOTAL	<u>\$ 3,367.</u>

Form **1120** U.S. Corporation Income Tax Return **2002**  
 Department of the Treasury Internal Revenue Service  
 Instructions are separate. See Instructions for Paperwork Reduction Act Notice.  
 IRS use only - Do not write or staple in this space.

OMB No. 1545-0123

For calendar year 2002 or tax year beginning 2002, ending

**A Check if as:**  
 1 Consolidated return (attach Form 951)  Use IRS label. Otherwise, print or type.  
 2 Personal holding company (attach Schedule H)   
 3 Personal service corp (as defined in Regs section 1.441-3(d) - see instructions)

**B Employer identification number**  
 95-  
**C Date incorporated**  
 8/23/1982  
**D Total assets (see instructions)**

**E Check applicable boxes:** (1) Initial return (2) Final return (3) Name change (4) Address change \$ 106,994.

I C O M M O N I N C O M E	1a	Gross receipts or sales	318,560	b	Less returns & allowances		c	Balance	318,560	
	2	Cost of goods sold (Schedule A, line 8)		3	Gross profit. Subtract line 2 from line 1c		4			
	4	Dividends (Schedule C, line 19)		5	Interest		6	Gross rents		
	6	Gross royalties		7	Capital gain net income (attach Schedule D (Form 1120))		8	Net gain or (loss) from Form 4797, Part II, line 18 (attach Form 4797)		
	8	Other income (see instructions - attach schedule)		9	10	Other income (see instructions - attach schedule)		11	Total income. Add lines 3 through 10	318,560
	12	Compensation of officers (Schedule E, line 4)		13	Salaries and wages (less employment credits)		14	Repairs and maintenance	30,972	
	15	Bad debts		16	Rents		17	Taxes and licenses	9,653	
	18	Interest		19	Charitable contributions (see instructions for 10% limitation)		20	Depreciation (attach Form 4562)		
	21	Less depreciation claimed on Schedule A and elsewhere on return	21a	21b	22	Depletion		23	Advertising	
	24	Pension, profit-sharing, etc. plans		25	Employee benefit programs		26	Other deductions (attach schedule)	SEE STATEMENT 1	
	27	Total deductions. Add lines 12 through 26		28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11		29	Less: a Net operating loss (NOL) deduction (see instructions)	321,529	
29	b Special deductions (Schedule C, line 20)	29b	29c	30	Taxable income. Subtract line 29c from line 28		31	Total tax (Schedule J, line 11)	0	
32	Payments: a 2001 overpayment credited to 2002	32a	32b	32c	Less 2002 refund applied for on Form 4468	32d	d Bal	0		
32e	Tax deposited with Form 7004	32e	32f	32g	Credit for federal tax on fuels (attach Form 4136). See instructions	32h	33	Estimated tax penalty (see instructions). Check if Form 2220 is attached	0	
34	Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed	34	35	Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid	35	36	Enter amount of line 35 you want credited to 2003 estimated tax	Refunded =	36	

**Sign Here**  
 Signature of officer: *[Signature]* Date: Title: Preparer's SSN or PTIN:  Yes  No

**Paid Preparer's Use Only**  
 Preparer's signature: *[Signature]* Date: Check if self-employed:  Preparer's SSN or PTIN:   
 Firm's Name (or yours if self-employed), address, and ZIP Code: **PIAZZA, DONNELLY & MARLETTE**  
**3460 TORRANCE BLVD., SUITE 150**  
**TORRANCE, CA 90503** Phone No. **(310) 540-4118**

BAA CFCAG25L 12/19/02 Form 1120 (2002)

Part II Cost of Goods Sold (see instructions)	
1	Inventory at beginning of year.....
2	Purchases.....
3	Cost of labor.....
4	Additional Section 263A costs (attach schedule).....
5	Other costs (attach schedule).....
6	<b>Total.</b> Add lines 1 through 5.....
7	Inventory at end of year.....
8	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on line 2, page 1.....

- 9a Check all methods used for valuing closing inventory:
- (i)  Cost as described in Regulations section 1.471-3
  - (ii)  Lower of cost or market as described in Regulations section 1.471-4
  - (iii)  Other (specify method used and attach explanation).....
- b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c).
- c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970).
- d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO. 9d
- e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation?  Yes  No
- f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation.  Yes  No

Dividends and Special Deductions (see instructions)	(a) Dividends received	(b) Percentage	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock).....		70	
2 Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock).....		80	
3 Dividends on debt-financed stock of domestic and foreign corporations (section 246A).....		SEE INSTR.	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities.....		42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities.....		48	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction.....		70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction.....		80	
8 Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (section 245(c)).....		100	
9 <b>Total.</b> Add lines 1 through 8. See instructions for limitation.....			
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958.....		100	
11 Dividends from certain FSCs that are subject to the 100% deduction (see 245(c)(1)).....		100	
12 Dividends from affiliated group members subject to the 100% deduction (section 243(a)(3)).....		100	
13 Other dividends from foreign corporations not included on lines 3, 6, 7, 8, or 11.....			
14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471).....			
15 Foreign dividend gross-up (section 78).....			
16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3 (section 245(d)).....			
17 Other dividends.....			
18 Deduction for dividends paid on certain preferred stock of public utilities.....			
19 <b>Total dividends.</b> Add lines 1 through 17. Enter here and on line 4, page 1.....			
20 <b>Total special deductions.</b> Add lines 9, 10, 11, 12, and 18. Enter here and on line 29b, page 1.....			

**Part III Compensation of Officers** (see instructions for line 12, page 1)  
 Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are \$500,000 or more.

1	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
				(d) Common	(e) Preferred	
2	Total compensation of officers.....					
3	Compensation of officers claimed on Schedule A and elsewhere on return.....					
4	Subtract line 3 from line 2. Enter the result here and on line 12, page 1.....					

**Schedule M Tax Computation** (see instructions)

1 Check if the corporation is a member of a controlled group (see sections 1561 and 1563)

**Important:** Members of a controlled group, see instructions.

2a If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, & \$9,925,000 taxable income brackets (in that order):

(1) \$ (2) \$ (3) \$

b Enter the corporation's share of: (1) Additional 5% tax (not more than \$11,750) (2) Additional 3% tax (not more than \$100,000)

3 Income tax. Check if a qualified personal service corporation under section 448(c)(2) (see instructions)  3 0.

4 Alternative minimum tax (attach Form 4626) 4

5 Add lines 3 and 4 5 0.

6a Foreign tax credit (attach Form 1118) 6a

b Possessions tax credit (attach Form 5735) 6b

c Check:  Nonconventional source fuel credit  QEV credit (attach Form 8834) 6c

d General business credit. Check box(es) and indicate which forms are attached.  Form 3800  Form(s) (specify) 6d

e Credit for prior year minimum tax (attach Form 8827) 6e

f Qualified zone academy bond credit (attach Form 8860) 6f

7 Total credits. Add lines 6a through 6f 7

8 Subtract line 7 from line 5 8

9 Personal holding company tax (attach Schedule PH (Form 1120)) 9

10 Other taxes. Check if from:  Form 4255  Form 8611  Form 8697  Form 8866  Other (attach schedule) 10

11 Total tax. Add lines 8 through 10. Enter here and on line 31, page 1 11 0.

**Other Information** (see instructions)

1 Check method of accounting: a  Cash b  Accrual c  Other (specify) \_\_\_\_\_

2 See the instructions and enter the: a Business activity code no. 523140 b Business activity INVESTMENTS c Product or service INVESTMENT COUNSEL

3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)  If 'Yes,' attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.

4 Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?  If 'Yes,' enter name and EIN of the parent corporation \_\_\_\_\_

5 At the end of the tax year, did any individual, partnership, corporation, estate or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).)  If 'Yes,' attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter % owned 100. SEE STATEMENT 2

6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)  If 'Yes,' file Form 5452, Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.

7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation?  If 'Yes,' enter: (a) Percentage owned \_\_\_\_\_ and (b) Owner's country \_\_\_\_\_

c The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached \_\_\_\_\_

8 Check this box if the corporation issued publicly offered debt instruments with original issue discount  If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.

9 Enter the amount of tax-exempt interest received or accrued during the tax year. \$ NONE

10 Enter the number of shareholders at the end of the tax year (if 75 or fewer) 1

11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here  If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3)(i) or (l) must be attached or the election will not be valid.

12 Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) \$ NONE

13 Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000?  If 'Yes,' the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. \$

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Note: The corporation is not required to complete Schedules L, M-1 and M-2 if Question 13 on Schedule K is answered "Yes."

Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash		108,044.		106,994.
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach schedule)				
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach schedule)				
10a Buildings and other depreciable assets	4,568.		4,568.	
b Less accumulated depreciation	4,568.		4,568.	
11a Depletable assets				
b Less accumulated depletion				
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)				
b Less accumulated amortization				
14 Other assets (attach schedule)				
15 Total assets		108,044.		106,994.
<b>Liabilities and Shareholders' Equity</b>				
16 Accounts payable				
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities (attach sch.)				
19 Loans from shareholders		110,171.		186,849.
20 Mortgages, notes, bonds payable in 1 year or more				
21 Other liabilities (attach schedule)				
22 Capital stock: a Preferred stock				
b Common stock	5,000.	5,000.	5,000.	5,000.
23 Additional paid-in capital				
24 Retained earnings - Appropriated (att sch.)				
25 Retained earnings - Unappropriated		-7,127.		-84,855.
26 Adjust to shareholders' equity (att sch.)				
27 Less cost of treasury stock				
28 Total liabilities and shareholders' equity		108,044.		106,994.
<b>Reconciliation of Income (Loss) per Books With Income per Return (see instructions)</b>				
1 Net income (loss) per books	-77,728.			
2 Federal income tax per books	2,081.			
3 Excess of capital losses over capital gains				
4 Income subject to tax not recorded on books this year (itemize):				
5 Expenses recorded on books this year not deducted on this return (itemize):				
a Depreciation	\$			
b Charitable contributions	\$			
c Travel & entertainment	\$ 22,460.			
STATEMENT 3	2,743.			
	25,203.			
6 Add lines 1 through 5	-50,444.			
7 Income recorded on books this year not included on this return (itemize):				
8 Deductions on this return not charged against book income this year (itemize):				
a Depreciation	\$			
b Charitable contributions	\$			
9 Add lines 7 and 8	0.			
10 Income (line 28, page 1) - line 6 less line 9	-50,444.			
<b>Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)</b>				
1 Balance at beginning of year	-7,127.			
2 Net income (loss) per books	-77,728.			
3 Other increases (itemize):				
4 Add lines 1, 2, and 3	-84,855.			
5 Distributions: a Cash				
b Stock c Property				
6 Other decreases (itemize):				
7 Add lines 5 and 6				
8 Balance at end of year (line 4 less line 7)	-84,855.			



Form **4562**

**Depreciation and Amortization**  
(Including Information on Listed Property)

OMB No. 1545-0172

**2002**

Department of the Treasury  
Internal Revenue Service

See separate instructions.  
Attach to your tax return.

67

Name(s) shown on return  
**MATRIX CAPITAL ASSOCIATES, INC.**

Identifying number  
95-**[REDACTED]**

Business or activity to which this form relates

FORM 1120

**Election To Expense Certain Tangible Property Under Section 179**  
Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See instructions for a higher limit for certain businesses.	1	\$24,000.
2	Total cost of section 179 property placed in service (see instructions).	2	
3	Threshold cost of section 179 property before reduction in limitation.	3	\$200,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-.	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions.	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2001 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs.)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2003. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Special Depreciation Allowance and Other Depreciation (Do not include listed property.)**

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election (see instructions)	15	
16	Other depreciation (including ACRS) (see instructions)	16	

**MACRS Depreciation (Do not include listed property.) (See instructions)**

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2002	17	
18	If you are electing under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

**Section B - Assets Placed in Service During 2002 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			27.5 yrs	MM	S/L	
j Nonresidential real property			39 yrs	MM	S/L	

**Section C - Assets Placed in Service During 2002 Tax Year Using the Alternative Depreciation System**

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

**Summary (see instructions)**

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions.	22	
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 253A costs	23	

2002	FEDERAL STATEMENTS	PAGE 1
	MATRIX CAPITAL ASSOCIATES, INC.	95-██████
<b>STATEMENT 1</b>		
FORM 1120, LINE 26		
OTHER DEDUCTIONS		
ACCOUNTING.....	\$	21,009.
AUTO AND TRUCK.....		35,943.
BANK CHARGES.....		112.
DUES AND SUBSCRIPTIONS.....		1,519.
GIFTS.....		3,715.
INSURANCE.....		11,672.
LEGAL AND PROFESSIONAL.....		99,462.
MEALS AND ENTERTAINMENT.....		22,460.
MEDICAL EXPENSES.....		9,585.
MISCELLANEOUS.....		120.
OFFICE EXPENSE.....		24,000.
POSTAGE.....		117.
PRINTING.....		119.
PROFESSIONAL DEVELOPMENT.....		16,131.
STORAGE.....		560.
TELEPHONE.....		5,980.
TRAVEL.....		65,201.
UTILITIES.....		3,824.
	TOTAL \$	<u>321,529.</u>
<b>STATEMENT 2</b>		
FORM 1120, SCHEDULE K, LINE 5		
50% OR MORE OWNERS		
NAME :	L. WAYNE GERTMENIAN	
ID NUMBER :	██████████	
PERCENTAGE OWNED :	100.00%	
<b>STATEMENT 3</b>		
FORM 1120, SCHEDULE M-1, LINE 5		
BOOK EXPENSES NOT DEDUCTED		
OFFICER LIFE INSURANCE PREMIUMS.....	\$	2,735.
PENALTIES.....		8.
	TOTAL \$	<u>2,743.</u>

Form **1120** U.S. Corporation Income Tax Return  
 Department of the Treasury Internal Revenue Service For calendar year 2003 or tax year beginning \_\_\_\_\_, 2003, ending \_\_\_\_\_  
 OMB No. 1545-0123 **2003**  
 Instructions are separate. See Instructions for Paperwork Reduction Act Notice.

**A Check if as:**  
 1 Consolidated return (attach Form 851)   
 2 Personal holding company (attach Schedule PH)   
 3 Personal service corp (as defined in Reg. section 1.441-3(c) (see instructions))   
 Use IRS label. Otherwise, print or type. **MATRIX CAPITAL ASSOCIATES, INC.**  
**4 HIDDEN VALLEY ROAD**  
**MONROVIA, CA 91016**

**B Employer identification number** 95-  
**C Date incorporated** 8/23/1982  
**D Total assets (see instructions)**

**E Check applicable boxes:** (1) Initial return (2) Final return (3) Name change (4) Address change \$ 72,313.

<b>I N C O M E</b>	1a	Gross receipts or sales	508,319.	b	Less returns & allowances	25.	c	Balance	508,294.
	2	Cost of goods sold (Schedule A, line 8)		3	Gross profit. Subtract line 2 from line 1c		4	Dividends (Schedule C, line 19)	
	5	Interest		6	Gross rents		7	Gross royalties	
	8	Capital gain net income (attach Schedule D (Form 1120))		9	Net gain or (loss) from Form 4797, Part II, line 18 (attach Form 4797)		10	Other income (see instructions - attach schedule)	
	11	<b>Total income.</b> Add lines 3 through 10		12	Compensation of officers (Schedule E, line 4)		13	Salaries and wages (less employment credits)	
	14	Repairs and maintenance		15	Bad debts		16	Rents	12,524.
	17	Taxes and licenses		18	Interest		19	Charitable contributions (see instructions for 10% limitation)	5,833.
	20	Depreciation (attach Form 4562)	20	128.	21a	Less depreciation claimed on Schedule A and elsewhere on return	21a	128.	0.
	22	Depletion		23	Advertising		24	Pension, profit-sharing, etc. plans	
	25	Employee benefit programs		26	Other deductions (attach schedule)	SEE STATEMENT 1	26	418,343.	
	27	<b>Total deductions.</b> Add lines 12 through 26		28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11		28	481,371.	
<b>D E D U C T I O N S</b>	29a	Less: a Net operating loss (NOL) deduction (see instructions)	SEE ST. 2	29a	26,923.	29b	b Special deductions (Schedule C, line 20)	26,923.	
	30	<b>Taxable income.</b> Subtract line 29c from line 28		30	0.	31	<b>Total tax (Schedule J, line 11)</b>	0.	
	32a	Payments: a 2002 overpayment credited to 2003	32a	32b	2003 estimated tax payments	32c	Less 2003 refund applied for on Form 4466	32d	0.
	32e	Tax deposited with Form 7004	32e	32f	Credit for tax paid on undistributed capital gains (attach Form 2439)	32f	32g	Credit for federal tax on fuels (attach Form 4136). See instructions	32g
<b>T A X A N D P A Y M E N T S</b>	33	Estimated tax penalty (see Instructions). Check if Form 2220 is attached		33	0.	34	Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed	34	0.
	35	Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid		35		36	Enter amount of line 35 you want: Credited to 2004 estimated tax	36	Refunded

**Sign Here** Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer \_\_\_\_\_ Date \_\_\_\_\_ Title \_\_\_\_\_ Preparer's SSN or PTIN \_\_\_\_\_  
 Yes  No

**Paid Preparer's Use Only**  
 Preparer's signature: \_\_\_\_\_ Date \_\_\_\_\_ Check if self-employed   
 Firm's Name (or yours if self-employed), address, and ZIP Code: **PIAZZA, DONNELLY & MARLETTE**  
**3460 TORRANCE BLVD., SUITE 150**  
**TORRANCE, CA 90503**  
 EIN: \_\_\_\_\_ Phone No. (310) 540-4118

BAA CPCAO2003L 08/29/03 Form 1120 (2003)

1	Inventory at beginning of year	1
2	Purchases	2
3	Cost of labor	3
4	Additional Section 263A costs (attach schedule)	4
5	Other costs (attach schedule)	5
6	Total. Add lines 1 through 5	6
7	Inventory at end of year	7
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on line 2, page 1	8

9a Check all methods used for valuing closing inventory:  
 (i) Cost as described in Regulations section 1.471-3  
 (ii) Lower of cost or market as described in Regulations section 1.471-4  
 (iii) Other (specify method used and attach explanation.)

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c)

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation?  Yes  No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "yes," attach explanation.  Yes  No

Dividends and Special Deductions (see instructions)	(a) Dividends received	(b) Percentage	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock)	70	
2	Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock)	80	
3	Dividends on debt-financed stock of domestic and foreign corporations (section 246A)	SEE INSTR.	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities	42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities	48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction	70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction	80	
8	Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (section 245(b))	100	
9	Total. Add lines 1 through 8. See instructions for limitation		
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1988	100	
11	Dividends from certain FSCs that are subject to the 100% deduction (see 245(c)(1))	100	
12	Dividends from affiliated group members subject to the 100% deduction (section 243(a)(3))	100	
13	Other dividends from foreign corporations not included on lines 3, 6, 7, 8, or 11		
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)		
15	Foreign dividend gross-up (section 78)		
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3 (section 246(d))		
17	Other dividends		
18	Deduction for dividends paid on certain preferred stock of public utilities		
19	Total dividends. Add lines 1 through 17. Enter here and on line 4, page 1		
20	Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on line 29b, page 1		

**Schedule H Compensation of Officers** (see instructions for line 12)  
 Note: Complete Schedule E only if total receipts (line 1s plus lines 4 through 10 on page 1) are \$500,000 or more.

1	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation	
				(d) Common	(e) Preferred		
			%	%	%		
			%	%	%		
			%	%	%		
			%	%	%		
			%	%	%		
			%	%	%		
			%	%	%		
2	Total compensation of officers						
3	Compensation of officers claimed on Schedule A and elsewhere on return						
4	Subtract line 3 from line 2. Enter the result here and on line 12, page 1						

**Schedule J Tax Computation** (see instructions)

1 Check if the corporation is a member of a controlled group (see sections 1561 and 1563)  **Important: Members of a controlled group, see instructions.**

2a If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, & \$9,925,000 taxable income brackets (in that order):  
 (1) \$ \_\_\_\_\_ (2) \$ \_\_\_\_\_ (3) \$ \_\_\_\_\_  
 b Enter the corporation's share of: (1) Additional 5% tax (not more than \$11,750) \$ \_\_\_\_\_  
 (2) Additional 3% tax (not more than \$100,000) \$ \_\_\_\_\_

3 Income tax. Check if a qualified personal service corporation under section 448(c)(2)  (see instructions) **3** 0.

4 Alternative minimum tax (attach Form 4626) **4**

5 Add lines 3 and 4 **5** 0.

6a Foreign tax credit (attach Form 1118) **6a**  
 b Possessions tax credit (attach Form 5735) **6b**  
 c Check:  Nonconventional source fuel credit  OEV credit (attach Form 8834) **6c**  
 d General business credit. Check box(es) and indicate which forms are attached.  
 Form 3800  Form(s) (specify) **6d**  
 e Credit for prior year minimum tax (attach Form 8827) **6e**  
 f Qualified zone academy bond credit (attach Form 8860) **6f**

7 Total credits. Add lines 6a through 6f **7**  
 8 Subtract line 7 from line 5 **8**  
 9 Personal holding company tax (attach Schedule PH (Form 1120)) **9**  
 10 Other taxes. Check if from:  Form 4255  Form 8611  Form 8697  
 Form 8866  Other (attach schedule) **10**

11 Total tax. Add lines 8 through 10. Enter here and on line 31, page 1. **11** 0.

**Schedule M Other Information** (see instructions)

	Yes	No		Yes	No
1 Check method of accounting: a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c Other (specify) _____			7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation? <input checked="" type="checkbox"/> If 'Yes,' enter: (a) Percentage owned _____ and (b) Owner's country _____		<input checked="" type="checkbox"/>
2 See the instructions and enter the: a Business activity code no. <b>523140</b> b Business activity <b>INVESTMENTS</b> c Product or service <b>INVESTMENT COUNSEL</b>			c The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached _____		
3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) <input checked="" type="checkbox"/> If 'Yes,' attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.	<input checked="" type="checkbox"/>		8 Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
4 Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? <input checked="" type="checkbox"/> If 'Yes,' enter name and EIN of the parent corporation _____	<input checked="" type="checkbox"/>		9 Enter the amount of tax-exempt interest received or accrued during the tax year. \$ <b>NONE</b>		
5 At the end of the tax year, did any individual, partnership, corporation, estate or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) <input checked="" type="checkbox"/> If 'Yes,' attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter % owned <b>100</b> % <b>SEE STATEMENT 3</b>	<input checked="" type="checkbox"/>		10 Enter the number of shareholders at the end of the tax year (if 75 or fewer) <b>1</b>		
6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) <input checked="" type="checkbox"/> If 'Yes,' file Form 562, Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.	<input checked="" type="checkbox"/>		11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here <input type="checkbox"/> If the corporation is filing a consolidated return, the statement required by Temporary Regulations section 1.1502-21(b)(3)(i) or (ii) must be attached or the election will not be valid.		
			12 Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) = \$ <b>50,444</b>		
			13 Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000? <input checked="" type="checkbox"/> If 'Yes,' the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. \$ _____		<input checked="" type="checkbox"/>

Note: The corporation is not required to complete Schedules L, M-1 and M-2 if Question 13 on Schedule K is answered 'Yes.'

Schedule M-1 Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash		106,994		62,829
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach schedule)				
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach schedule)				
10a Buildings and other depreciable assets	4,568		14,180	
b Less accumulated depreciation	4,568		4,696	9,484
11a Depletable assets				
b Less accumulated depletion				
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)				
b Less accumulated amortization				
14 Other assets (attach schedule)				
15 Total assets		106,994		72,313
<b>Liabilities and Shareholders' Equity</b>				
16 Accounts payable				
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities (attach sch.)				
19 Loans from shareholders		186,849		137,165
20 Mortgages, notes, bonds payable in 1 year or more				
21 Other liabilities (attach schedule)				
22 Capital stock: a Preferred stock				
b Common stock	5,000	5,000	5,000	5,000
23 Additional paid-in capital				
24 Retained earnings — Approp (ett sch.)				
25 Retained earnings — Unappropriated		-84,855		-69,852
26 Adjust to shareholders' equity (att sch.)				
27 Less cost of treasury stock				
28 Total liabilities and shareholders' equity		106,994		72,313

Schedule M-2 Reconciliation of Income (Loss) per Books With Income per Return (see instructions)		
1 Net income (loss) per books	15,003	7 Income recorded on books this year not included on this return (itemize):
2 Federal income tax per books		Tax-exempt interest \$
3 Excess of capital losses over capital gains		
4 Income subject to tax not recorded on books this year (itemize):		
5 Expenses recorded on books this year not deducted on this return (itemize):		8 Deductions on this return not charged against book income this year (itemize):
a Depreciation \$		a Depreciation \$
b Charitable contributions \$ 4,740		b Charitable contribs \$
c Travel & entertainment \$ 4,445		
STATEMENT 4 2,735		
	11,920	9 Add lines 7 and 8
6 Add lines 1 through 5	26,923	10 Income (line 28, page 1) — line 6 less line 9
		26,923

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)		
1 Balance at beginning of year	-84,855	5 Distributions: a Cash
2 Net income (loss) per books	15,003	b Stock c Property
3 Other increases (itemize):		6 Other decreases (itemize):
4 Add lines 1, 2, and 3	-69,852	7 Add lines 5 and 6
		8 Balance at end of year (line 4 less line 7)
		-69,852

Form **4562**

**Depreciation and Amortization  
(Including Information on Listed Property)**  
See separate instructions.  
▶ Attach to your tax return.

OMB No. 1545-0172

**2003**

67

Department of the Treasury  
Internal Revenue Service

Name(s) shown on return  
**MATRIX CAPITAL ASSOCIATES, INC.**

Identifying number  
95-██████

Business or activity to which this form relates

**FORM 1120**

**Part I Election To Expense Certain Property Under Section 179**  
Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See instructions for a higher limit for certain businesses.	1	\$100,000.
2	Total cost of section 179 property placed in service (see instructions).	2	
3	Threshold cost of section 179 property before reduction in limitation.	3	\$400,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions.	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29.	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7.	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8.	9	
10	Carryover of disallowed deduction from line 13 of your 2002 Form 4562.	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs).	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11.	12	
13	Carryover of disallowed deduction to 2004. Add lines 9 and 10, less line 12.	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)**

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions).	14	
15	Property subject to section 168(f)(1) election (see instructions).	15	
16	Other depreciation (including ACRS) (see instructions).	16	

**Part III MACRS Depreciation (Do not include listed property.) (See instructions)**

<b>Section A</b>		17	
17	MACRS deductions for assets placed in service in tax years beginning before 2003.	17	
18	If you are electing under section 168(f)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here.		<input type="checkbox"/>

<b>Section B - Assets Placed in Service During 2003 Tax Year Using the General Depreciation System</b>						
(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property					
b	5-year property					
c	7-year property					
d	10-year property					
e	15-year property					
f	20-year property					
g	25-year property		25 yrs		S/L	
h	Residential rental property		27.5 yrs	MM	S/L	
i	Nonresidential real property	VARIOUS	39 yrs	MM	S/L	128.

<b>Section C - Assets Placed in Service During 2003 Tax Year Using the Alternative Depreciation System</b>						
(a) Class life	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
20a	12-year		12 yrs		S/L	
b	40-year		40 yrs	MM	S/L	

<b>Part IV Summary (see instructions)</b>						
21	Listed property. Enter amount from line 28.	21				
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions.	22				128.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs.	23				

BAA For Paperwork Reduction Act Notice, see instructions.

FDZ0812L 10/28/03

Form 4562 (2003)

2003	FEDERAL STATEMENTS	PAGE 1
MATRIX CAPITAL ASSOCIATES, INC.		95
<b>STATEMENT 1</b>		
FORM 1120, LINE 26		
OTHER DEDUCTIONS		
ACCOUNTING.....	\$	5,456.
AUTO AND TRUCK.....		23,899.
BANK CHARGES.....		194.
DUES AND SUBSCRIPTIONS.....		1,795.
GIFTS.....		5,660.
INSURANCE.....		11,990.
LEGAL AND PROFESSIONAL.....		152,142.
MEALS AND ENTERTAINMENT.....		4,446.
MEDICAL EXPENSES.....		28,074.
OFFICE EXPENSE.....		39,077.
PRINTING.....		72.
PROFESSIONAL DEVELOPMENT.....		22,051.
RESEARCH.....		1,600.
STORAGE.....		440.
TELEPHONE.....		6,490.
TRAVEL.....		108,789.
UTILITIES.....		6,168.
	TOTAL \$	<u>418,343.</u>
<b>STATEMENT 2</b>		
FORM 1120, LINE 29A		
NET OPERATING LOSS DEDUCTION		
CARRYOVER GENERATED FROM YEAR END 12/31/02	\$	50,444.
AVAILABLE FOR CARRYOVER TO 2003.....		50,444.
NET OPERATING LOSSES AVAILABLE IN 2003.....	\$	<u>50,444.</u>
TAXABLE INCOME.....		26,923.
TOTAL NET OPERATING LOSS DEDUCTION (LIMITED TO TAXABLE INCOME).....		<u>26,923.</u>
<b>STATEMENT 3</b>		
FORM 1120, SCHEDULE K, LINE 5		
50% OR MORE OWNERS		
NAME	: L. WAYNE GERTMENIAN	
ID NUMBER	: [REDACTED]	
PERCENTAGE OWNED	: 100.00%	
<b>STATEMENT 4</b>		
FORM 1120, SCHEDULE M-1, LINE 5		
BOOK EXPENSES NOT DEDUCTED		
OFFICER LIFE INSURANCE PREMIUMS.....	\$	2,735.
	TOTAL \$	<u>2,735.</u>



Form **1120** U.S. Corporation Income Tax Return  
 Department of the Treasury Internal Revenue Service For calendar year 2004 or tax year beginning \_\_\_\_\_, 2004, ending \_\_\_\_\_  
 See separate instructions. OMB No. 1545-0123 **2004**

**A Check if:**  
 1 Consolidated return (attach Form 990)   
 2 Personal holding company (attach Schedule H)   
 3 Personal service corp. (see instructions)   
 4 Schedule M-3 required (attach Sch. M-3)

**Use IRS label. Otherwise, print or type.**  
**MATRIX CAPITAL ASSOCIATES, INC.**  
**4 HIDDEN VALLEY ROAD**  
**MONROVIA, CA 91016**

**B Employee identification number**  
**C Date incorporated** 8/23/1982  
**D Total assets (see instructions)** \$ 68,124.

**E Check if:** (1) Initial return (2) Final return (3) Name change (4) Address change

<b>INCOME</b>	1a	Gross receipts or sales	509,669.	b	Less returns & allowances		c	Balance	1c	509,669.	
	2	Cost of goods sold (Schedule A, line 8)		3	Gross profit. Subtract line 2 from line 1c		4	Dividends (Schedule C, line 19)	4		
	5	Interest		5			5	1,122.	5		
	6	Gross rents		6			6		6		
	7	Gross royalties		7			7		7		
	8	Capital gain net income (attach Schedule D (Form 1120))		8			8		8		
	9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)		9			9		9		
	10	Other income (see instructions - attach schedule)		10			10		10		
	11	<b>Total income.</b> Add lines 3 through 10		11			11	510,791.	11		
	<b>DEDUCTIONS</b>	12	Compensation of officers (Schedule E, line 4)		12			12		12	
		13	Salaries and wages (less employment credits)		13			13		13	
14		Repairs and maintenance		14			14	9,878.	14		
15		Bad debts		15			15		15		
16		Rents		16			16	47,265.	16		
17		Taxes and licenses		17			17	2,869.	17		
18		Interest		18			18	117.	18		
19		Charitable contributions (see instructions for 10% limitation)		19			19	0.	19		
20		Depreciation (attach Form 4562)		20		246.	20		20		
21		Less depreciation claimed on Schedule A and elsewhere on return		21a			21a	246.	21b	246.	
22		Depletion		22			22		22		
<b>TAXES AND PAYMENTS</b>	23	Advertising		23			23		23		
	24	Pension, profit-sharing, etc. plans		24			24		24		
	25	Employee benefit programs		25			25		25		
	26	Other deductions (attach schedule)		26		SEE STATEMENT 1	26	435,508.	26		
	27	<b>Total deductions.</b> Add lines 12 through 26		27			27	495,883.	27		
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11		28			28	14,908.	28		
	29	Less: a Net operating loss deduction (see instructions)		29a		SEE ST. 2	29a	14,908.	29b		
		b Special deductions (Schedule C, line 20)		29b			29b		29c	14,908.	
	30	<b>Taxable income.</b> Subtract line 29c from line 28 (see instructions if Sch. C, line 12, was completed)		30			30	0.	30		
	31	<b>Total tax (Schedule J, line 11)</b>		31			31	0.	31		
	32	<b>Payments:</b> a 2003 overpayment credited to 2004	32a				32a		32b		
	b 2004 estimated tax payments	32b				32b		32c			
	c Less 2004 refund applied for on Form 4466	32c				32c		32d	0.		
	d Tax deposited with Form 7004	32d				32d		32e			
	e Credit for tax paid on undistributed capital gains (attach Form 2439)	32e				32e		32f			
	f Credit for federal tax on fuels (attach Form 4136). See instructions	32f				32f		32g			
	g Credit for federal tax on fuels (attach Form 4136). See instructions	32g				32g		32h	0.		
33	Estimated tax penalty (see instructions). Check if Form 2220 is attached		33			33		33			
34	Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed		34			34		34	0.		
35	Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid		35			35		35			
36	Enter amount of line 35 you want credited to 2005 estimated tax		36			36		36	Refunded		

**Sign Here**  
 Signature of officer \_\_\_\_\_ Date \_\_\_\_\_ Title \_\_\_\_\_  
 Preparer's signature \_\_\_\_\_ Date \_\_\_\_\_ Check if self-employed  Preparer's SSN or PTIN \_\_\_\_\_  
**Preparer's Use Only**  
 Firm's Name (or yours if self-employed), address, and ZIP code: **PIAZZA, DONNELLY & MARLETTE**  
**3460 TORRANCE BLVD., SUITE 150**  
**TORRANCE, CA 90503**  
 Phone no. **(310) 540-4118**

**BAA For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.** CPCA0205L 11/16/04 Form 1120 (2004)



**Schedule Y Tax Computation** (see instructions)

1 Check if the corporation is a member of a controlled group (see sections 1561 and 1563)

**Important:** Members of a controlled group, see instructions.

2a If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, & \$9,925,000 taxable income brackets (in that order):  
 (1) \$ \_\_\_\_\_ (2) \$ \_\_\_\_\_ (3) \$ \_\_\_\_\_

b Enter the corporation's share of: (1) Additional 5% tax (not more than \$11,750) \$ \_\_\_\_\_  
 (2) Additional 3% tax (not more than \$100,000) \$ \_\_\_\_\_

3 Income tax. Check if a qualified personal service corporation under section 448(d)(2) (see instructions)  3 0.

4 Alternative minimum tax (attach Form 4626) 4

5 Add lines 3 and 4 5 0.

6a Foreign tax credit (attach Form 1118) 6a

6b Possessions tax credit (attach Form 5735) 6b

c Check:  Nonconventional source fuel credit  QEV credit (attach Form 8834) 6c

d General business credit. Check box(es) and indicate which forms are attached.  
 Form 3800  Form(s) (specify) 6d

e Credit for prior year minimum tax (attach Form 8827) 6e

f Qualified zone academy bond credit (attach Form 8860) 6f

7 Total credits. Add lines 6a through 6f 7

8 Subtract line 7 from line 5 8

9 Personal holding company tax (attach Schedule PH (Form 1120)) 9

10 Other taxes. Check if from:  Form 4255  Form 8611  Form 8697  
 Form 8866  Other (attach schedule) 10

11 Total tax. Add lines 8 through 10. Enter here and page 1, line 31. 11 0.

**Schedule Y Other Information** (see instructions)

	Yes	No		Yes	No
1 Check accounting method: a <input checked="" type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) _____			7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation? If 'Yes,' enter: (a) Percentage owned _____ and (b) Owner's country _____		<input checked="" type="checkbox"/>
2 See the instructions and enter the: a Business activity code no. 523140 b Business activity INVESTMENTS c Product or service INVESTMENT COUNSEL			c The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached _____		
3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If 'Yes,' attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.	<input checked="" type="checkbox"/>		8 Check this box if the corporation issued publicly offered debt instruments with original issue discount _____ If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
4 Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If 'Yes,' enter name and EIN of the parent corporation _____	<input checked="" type="checkbox"/>		9 Enter the amount of tax-exempt interest received or accrued during the tax year. \$ NONE		
5 At the end of the tax year, did any individual, partnership, corporation, estate or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) If 'Yes,' attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter % owned 100% SEE STATEMENT 3	<input checked="" type="checkbox"/>		10 Enter the number of shareholders at the end of the tax year (if 75 or fewer) 1		
6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If 'Yes,' file Form 5452, Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.	<input checked="" type="checkbox"/>		11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here _____ If the corporation is filing a consolidated return, the statement required by Temporary Regulations section 1.1502-21(b)(3)(i) or (ii) must be attached or the election will not be valid.		
			12 Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) > \$ 26,213		
			13 Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000? If 'Yes,' the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. \$ _____		<input checked="" type="checkbox"/>

Note: The corporation is not required to complete Schedules L, M-1 and M-2 if Question 13 on Schedule K is answered 'Yes.'

Schedule L Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash		62,829		58,886
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach schedule)				
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach schedule)				
10a Buildings and other depreciable assets	14,180		14,180	
b Less accumulated depreciation	4,696	9,484	4,942	9,238
11a Depletable assets				
b Less accumulated depletion				
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)				
b Less accumulated amortization				
14 Other assets (attach schedule)				
15 Total assets		72,313		68,124
<b>Liabilities and Shareholders' Equity</b>				
16 Accounts payable				
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities (attach sch.) SEE ST. 4				6,670
19 Loans from shareholders		137,165		134,904
20 Mortgages, notes, bonds payable in 1 year or more				
21 Other liabilities (attach schedule)				
22 Capital stock: a Preferred stock				
b Common stock	5,000	5,000	5,000	5,000
23 Additional paid-in capital				
24 Retained earnings - Approp (att sch.)				
25 Retained earnings - Unappropriated		-69,852		-78,450
26 Adjust to shareholders' equity (att sch.)				
27 Less cost of treasury stock				
28 Total liabilities and shareholders' equity		72,313		68,124

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (see instructions)	
1 Net income (loss) per books	-8,598
2 Federal income tax per books	
3 Excess of capital losses over capital gains	
4 Income subject to tax not recorded on books this year (itemize):	
5 Expenses recorded on books this year not deducted on this return (itemize):	
a Depreciation \$	
b Charitable contributions \$ 390	
c Travel & entertainment \$ 20,381	
STATEMENT 5 2,735	
	23,506
6 Add lines 1 through 5	14,908
7 Income recorded on books this year not included on this return (itemize):	
Tax-exempt interest \$	
8 Deductions on this return not charged against book income this year (itemize):	
a Depreciation \$	
b Charitable contributions \$	
9 Add lines 7 and 8	0
10 Income (page 1, line 28) - line 6 less line 9	14,908

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)	
1 Balance at beginning of year	-69,852
2 Net income (loss) per books	-8,598
3 Other increases (itemize)	
4 Add lines 1, 2, and 3	-78,450
5 Distributions	
a Cash	
b Stock	
c Property	
6 Other decreases (itemize)	
7 Add lines 5 and 6	
8 Balance at end of year (line 4 less line 7)	-78,450

Form **4562**

**Depreciation and Amortization**  
(Including Information on Listed Property)

OMB No. 1545-0172

**2004**

Department of the Treasury  
Internal Revenue Service

See separate instructions.  
Attach to your tax return.

67

Name(s) shown on return

**MATRIX CAPITAL ASSOCIATES, INC.**

Identifying number

Business or activity to which this form relates

FORM 1120

**Part I Election To Expense Certain Property Under Section 179**

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See instructions for a higher limit for certain businesses.	1	\$102,000.
2	Total cost of section 179 property placed in service (see instructions).	2	
3	Threshold cost of section 179 property before reduction in limitation.	3	\$410,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions.	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29.	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7.	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8.	9	
10	Carryover of disallowed deduction from line 13 of your 2003 Form 4562.	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs).	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11.	12	
13	Carryover of disallowed deduction to 2005. Add lines 9 and 10, less line 12.	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)**

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions).	14	
15	Property subject to section 168(i)(1) election (see instructions).	15	
16	Other depreciation (including ACRS) (see instructions).	16	

**Part III MACRS Depreciation (Do not include listed property.) (See instructions)**

<b>Section A</b>		17	246.
17	MACRS deductions for assets placed in service in tax years beginning before 2004.		
18	If you are electing under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B - Assets Placed In Service During 2004 Tax Year Using the General Depreciation System						
(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	

Section C - Assets Placed in Service During 2004 Tax Year Using the Alternative Depreciation System						
(a) Class life	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

**Part IV Summary (see instructions)**

21	Listed property. Enter amount from line 28.	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions.	22	246.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs.	23	

BAA For Paperwork Reduction Act Notice, see separate instructions.

FD20012L 09/30/04

Form 4562 (2004)

2004	FEDERAL STATEMENTS	PAGE 1
MATRIX CAPITAL ASSOCIATES, INC.		
<b>STATEMENT 1</b>		
<b>FORM 1120, LINE 26</b>		
<b>OTHER DEDUCTIONS</b>		
AUTO AND TRUCK .....	\$	36,933.
BANK CHARGES .....		580.
CLIENT MATERIALS .....		474.
DUES AND SUBSCRIPTIONS .....		1,818.
GIFTS .....		4,601.
INSURANCE .....		11,053.
LEGAL AND PROFESSIONAL .....		245,722.
MEALS AND ENTERTAINMENT .....		20,381.
MEDICAL EXPENSES .....		22,270.
MISCELLANEOUS .....		963.
OFFICE EXPENSE .....		9,507.
POSTAGE .....		1,077.
PRINTING .....		119.
STORAGE .....		3,454.
TELEPHONE .....		11,339.
TRAVEL .....		59,128.
UTILITIES .....		6,089.
	TOTAL \$	<u>435,508.</u>
<b>STATEMENT 2</b>		
<b>FORM 1120, LINE 29A</b>		
<b>NET OPERATING LOSS DEDUCTION</b>		
CARRYOVER GENERATED FROM YEAR END 12/31/02 .....	\$	50,444.
AMOUNT UTILIZED IN 2003 .....	24,231.	
TOTAL UTILIZATION .....	\$	24,231.
AVAILABLE FOR CARRYOVER TO 2004 .....		26,213.
NET OPERATING LOSSES AVAILABLE IN 2004 .....	\$	<u>26,213.</u>
TAXABLE INCOME .....		14,908.
TOTAL NET OPERATING LOSS DEDUCTION (LIMITED TO TAXABLE INCOME) .....		<u>14,908.</u>
<b>STATEMENT 3</b>		
<b>FORM 1120, SCHEDULE K, LINE 5</b>		
<b>50% OR MORE OWNERS</b>		
NAME .....	:	L. WAYNE GERTMENIAN
ID NUMBER .....	:	██████████
PERCENTAGE OWNED .....	:	100.00%

2004	FEDERAL STATEMENTS		PAGE 2
MATRIX CAPITAL ASSOCIATES, INC. <span style="float: right;">██████████</span>			
STATEMENT 4 FORM 1120, SCHEDULE L, LINE 18 OTHER CURRENT LIABILITIES			
	<u>BEGINNING</u>	<u>ENDING</u>	
CREDIT CARDS PAYABLE.....	\$ 0.	\$ 6,670.	
TOTAL	<u>\$ 0.</u>	<u>\$ 6,670.</u>	
STATEMENT 5 FORM 1120, SCHEDULE M-1, LINE 5 BOOK EXPENSES NOT DEDUCTED			
OFFICER LIFE INSURANCE PREMIUMS.....		\$ 2,735.	
TOTAL		<u>\$ 2,735.</u>	

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Tab 58

**Matrix Expense Report**

**Client: Jockeys' Guild, Inc.**

**June 2001 – December 2004**

**Submitted by:  
Lisa Stirling Haley  
September, 2005**

**To the best of my knowledge, the following outlines a current understanding of the Matrix Expenses directly benefiting the Jockeys' Guild, Inc. from June, 2001 through December, 2004.**



MatrixExpensesGuild(June01\_December04)

**Matrix Capital Associates**  
**Client: The Jockeys' Guild**  
**June, 2001 - December 2004**

Year	DATE	CHECK №	PAYEE	AMOUNT
2001	27-Sep-01	129	Mike Curry	2,000.00
	10-Dec-01	148	A. Fiss	2,596.88
	21-Dec-01	121	George Panossian	2,000.00
	31-Dec-01	161	Richmar Consulting	3,500.00
	31-Dec-01	162	J. Gaston	10,000.00
	31-Dec-01	166	A. Fiss	11,211.80
	31-Dec-01	165	Jockeys' Guild	10,000.00
	25-Jan-02	173	L. Ownbey	1,000.00
	27-Jan-02	175	Richmar Consulting	750.00
	6-Feb-02	184	Prospero Consultants	3,000.00
2002	27-Feb-02	207	Alice Galstian	1,000.00
	27-Mar-02	219	Prospero Consultants	3,511.00
	8-Apr-02	227	Prospero Consultants	3,081.00
	7-May-02	245	Chestnut East 140	5,100.00
	13-May-02	250	Prospero Consultants	3,395.00
	15-May-02	253	Richmar Consulting	1,500.00
	2-Aug-02	306	Prospero Consultants	3,081.05
	10-Aug-02	308	Chestnut East 140	1,700.00
	16-Sep-02	331	A. Fiss	6,000.00
	18-Sep-02	340	Prospero Consultants	3,000.00
	18-Sep-02	341	Richmar Consulting	3,000.00
	27-Sep-02	362	George Panossian	1,000.00
	17-Oct-02	371	Prospero Consultants	3,000.00
	20-Nov-02	406	Prospero Consultants	3,000.00
	17-Dec-02	434	Prospero Consultants	3,000.00
	31-Dec-02	456	Farrell Gertmenian	3,000.00
	31-Dec-02	457	Prospero Consultants	3,000.00
	31-Dec-02	455	L.S. Haley	1,000.00
	28-Dec-02	449	T. Brondum	5,916.72
	31-Dec-02	467	A. Fiss	30,000.00
	3-Jun-02	261	Prospero Consultants	3,000.00
	3-Jul-02	294	Prospero Consultants	3,000.00
	25-Jan-02	173	L. Ownbey, esq	1,000.00
	27-Jan-02	175	Richmar Consulting	750.00
	18-Feb-02	193	Richmar Consulting	750.00
	5-Apr-02	224	Richmar Consulting	750.00
	10-May-02	249	F. Lee	2,000.00
	5-Jun-02	264	F. Lee	2,000.00
	24-Jul-02	297	F. Lee	2,000.00
	17-Aug-02	313	F. Lee	2,000.00
	18-Nov-02	400	Farrell Gertmenian	2,000.00
	8-Dec-02	427	Farrell Gertmenian	6,000.00
18-Feb-02	193	Richmar Consulting	750.00	
10-Apr-02	228	F. Lee	4,000.00	
17-Jun-02	275	S.J. Rice	2,254.65	
24-Jul-02	296	S.J. Rice	2,835.81	
19-Aug-02	318	Farrell Gertmenian	2,000.00	
18-Sep-02	342	S.J. Rice	2,730.92	
24-Sep-02	354	S. Ekstrand	1,500.00	
17-Oct-02	372	S.J. Rice	2,585.38	
13-Nov-02	390	F. Lee	2,107.70	
20-Nov-02	412	S.J. Rice	2,500.00	

## MatrixExpensesGuild(June01\_December04)

Year	DATE	CHECK №	PAYEE	AMOUNT
	25-Nov-02	413	Cobra Pro	612.00
	8-Dec-02	420	F. Lee	1,961.40
	18-Dec-02	440	F. Lee	1,831.11
2003	4-Feb-03	515	MAIP	2200.00
	6-Feb-03	520	F. Gertmenian	3500.00
	16-Feb-03	525	Richmar Consulting	3000.00
	2/29/03	551	Richmar Consulting	1500.00
	26-Mar-03	565	Scoop, Inc.	3000.00
	13-Apr-03	597	Richmar Consulting	1200.00
	24-Apr-03	612	Scoop, Inc.	3000.00
	5-May-03	616	Ruth Facia	2750.00
	30-May-03	638	Scoop, Inc.	3000.00
	10-Jul-03	655	Scoop, Inc.	3000.00
	15-Jul-03	669	Ruth Facia	3300.00
	15-Jul-03	670	Chestnut East 140	5100.00
	7-Aug-03	676	Scoop, Inc.	3000.00
	13-Aug-03	681	B. Biersdorf	5500.00
	20-Aug-03	687	Scoop, Inc.	3000.00
	21-Aug-03	690	F. Lee	3655.00
	5-Sep-03	202	Richmar Consulting	2250.00
	15-Oct-03	229	Ruth Facia	3300.00
	15-Oct-03	230	Chestnut East 140	5100.00
	24-Nov-03	712	J. Thompson	5000.00
	5-Dec-03	713	Richmar Consulting	2860.00
	15-Sep-03	28	Scoop, Inc.	3000.00
	17-Sep-03	36	Galliger Benefits	1224.00
	15-Oct-03	228	Scoop, Inc.	3000.00
	10-Nov-03	63	Scoop, Inc.	3000.00
	12-Dec-03	86	Scoop, Inc.	6000.00
	30-Oct-03	697	Don Peppe's	3000.00
2004	15-Jan-04	728	Ruth Facia	3300.00
	15-Jan-04	729	Chestnut 140 East	5100.00
	14-Apr-04	765	Ruth Facia	3300.00
	14-Apr-04	766	Chestnut 140 East	5100.00
	15-Apr-04	768	B. Beiersdorf	3100.00
	20-Jan-04	793	Richmar Consulting	5470.90
	26-Jun-04	799	Ruth Facia	1100.00
	26-Jun-04	800	Chestnut 140 East	3300.00
	8-Aug-04	821	Richmar Consulting	1500.00
	8-Aug-04	822	Chestnut 140 East	6400.00
	7-Oct-04	843	Chestnut 140 East	6400.00
	28-Nov-04	855	Chestnut 140 East	6400.00
	30-Nov-04	873	B. Beiersdorf	2000.00
	31-Dec-04	875	Fiss Consulting	1000.00
	31-Dec-04	877	Fiss Consulting	15000.00
	31-Dec-04	878	Richmar Consulting	750.00
	13-Jan-04	115	L. S. Haley	1000.00
	15-Jan-04	123	Scoop, Inc.	3000.00
	15-Jan-04	124	J. Thompson	6000.00
	20-Jan-04	125	F. Gertmenian	3000.00
	14-Jun-00	126	Travel Expense Reimbun	2898.93
	12-Feb-04	185	Scoop, Inc.	3000.00
	9-Mar-04	203	Travel Expense Reimbun	3096.48
	23-Mar-04	221	E. South	3000.00
	26-Mar-04	239	Scoop, Inc.	3000.00
	8-Apr-04	250	F. Gertmenian	1326.00
	13-Apr-04	264	Scoop, Inc.	3000.00

## MatrixExpensesGuild(June01\_December04)

Year	DATE	CHECK №	PAYEE	AMOUNT
	15-Apr-04	268	L.S. Haley	1000.00
	5-May-04	279	G. Asatryan	1531.36
	10-May-04	288	J. Thompson	3000.00
	18-May-04	295	Scoop, Inc.	3000.00
	1-Jun-04	302	Scoop, Inc.	10000.00
	28-Jun-04	309	Scoop, Inc.	3900.00
	28-Jul-04	316	Scoop, Inc.	3500.00
	29-Jul-04	323	J. Thompson	2500.00
	8-Aug-04	330	Scoop, Inc.	3500.00
	4-Oct-04	337	Scoop, Inc.	3500.00
	28-Oct-04	344	Scoop, Inc.	3250.00
	2-Nov-04	351	L.S. Haley	5000.00
	23-Nov-04	358	Scoop, Inc.	3500.00
	28-Jul-04	358	Wells Fargo Auto	499.99
	27-Sep-04	362	Wells Fargo Auto	499.99
	23-Oct-04	371	Wells Fargo Auto	499.99
	25-Oct-04	372	Wells Fargo Auto	499.99
	31-Dec-04	389	Wells Fargo Auto	499.99

L. Wayne Gertmenian, Ph.D.

Professor of Economics

B.A., University of Southern California; M.B.A., University of Idaho; Ph.D., University of Southern California

Phone: (310) 568-5553

FAX: (310) 568-2303

E-Mail: wayne.gertmenian@pepperdine.edu

Dr. Gertmenian served the Nixon and Ford administrations as a chief detente negotiator in Moscow for the chairman of the National Security Council, as an emissary to Teheran for the Secretary of Commerce, and as a special assistant to the Secretary of Housing and Urban Development. Today, he is a distinguished professor at two universities in China and advises Russian leaders on a free market economy. He has served on the board of directors of the West Coast Bancorp, the Medi-Globe Foundation, and the Near East Foundation. His experience also includes service as the chief operating officer of the nation's leading fresh food processor and host of a talk show on business, economics, and finance. He is the author of the *Economath Primer* and the nationally marketed audiotape series, *Everything's Negotiable*. Dr. Gertmenian was a co-founder of the California Philharmonic Orchestra and the Disabled Jockeys' Endowment, and currently serves the national Jockeys' Guild as its lead negotiator in its struggle with the horseracing industry to improve conditions of safety.

#### I. ACADEMIC AND PROFESSIONAL QUALIFICATIONS

Principal Teaching Field(s): Economics

University of Southern California, Ph.D.

1975

Dissertation: "The Economics of Education in the Urban Ghetto"

##### A. Professional Qualifications

1992-1998

Sunwest Bank  
Director

##### B. 1988-1990

KIEV Radio  
Radio Talk Show Host

##### C. 1977-1981

Ready Pac, Inc.  
Executive Vice-President, Chief Operating Officer

##### D. 1974-1976

US Government, Executive Branch

Special Assistant to the Secretary of Housing and Urban Development  
Foreign Emissary for the Secretary of Commerce  
Detente Negotiator for the National Security Council

## II. CONTINUING INTELLECTUAL DEVELOPMENT AND RENEWAL ACTIVITIES

### 1. Books (or Book Chapters) in Preparation.

Winter 1998. Draft preparation of "The Bible on Leadership", an eight-volume audiotape series on Biblical teachings for executives. Values-centered Leadership

Winter 1998. Draft preparation of "Verbal Pursuit", an eight-volume audiotape series on vocabulary for executives. Values-centered Leadership

### 2. Academic/Practitioner Meeting Tutorials Presented and Executive Development Seminars Given.

"Market Economy Fundamentals" seminar. Moscow, Russia. The 37th Seminar was completed at Moscow Aviation Institute in July 2004. Developed upon the request of Russian Government leaders to provide leading Business Professionals, Government Leaders, Academic Leaders, and select students with the knowledge necessary to lead their country in a Free Market world. Each seminar is geared to the particular audience and involves 100 contact hours.

Russia at the Crossroads, Moscow, Russia. October 1998. Sponsored by TACIS. Presentation to 50 top Russian business executives. Two-hour lecture on structural problems in the Russian economy and self-dependent reforms.

Everything's Negotiable, Malibu, CA. Each February (1990-2001). Eight-hour workshop on Negotiation skills geared to business professionals. Significant global orientation.

Only One Superpower, Irvine, CA. September 1997. A review of America's role in the post-cold-war era, focusing on the economic development of increasingly interdependent world markets. One-hour presentation to Pepperdine University Executive Partners and Alumni.

Unisys Corporation, International Banking Information Systems and Technology Division. Cote d'Azul, France. June 1996. Keynote Speaker and lead workshop presenter, "Information and the Global Economy." Four-hour presentation on the importance of information as a new factor of production in the economic development of the European Union in the Global Age.

### 3. Other Formal Presentations Involving Significant Preparation.

China with Dr. G. A. Traveling Seminar, The People's Republic of China and Tibet. April 1990-2005. An educational adventure for Graduate students, alumni, and Business Executives. Major centers like Beijing, Shanghai, and Xian are experienced, but particular attention is paid to uncommon destinations such as Qufu (home of Confucius), Mt. Tai, The Panda Research Base in Chengdu, and the wonders of Tibet. Lectures, workshops, Meetings, and Presentations enhance the cultural and educational significance of the voyage.

Negotiation Skills for the Human Resources Manager, Malibu, CA. 1997. A two-hour presentation on negotiation skills for HR specialists. Presented to the Pepperdine University Personnel Office as part of a skills development conference.

4. New Courses (or significant new course content) developed and New Pedagogies (teaching approaches/methods/technologies) introduced.

Fall 1998. Developed and implemented innovative evaluation methodology to enhance class leadership and mutual support.

Fall 1998. Developed and implemented improved version of professor's own textbook which substantially improved the balance of time between presenting core definitional material and taking the time needed to thoroughly cover difficult concepts and applications.

Fall 1998. Developed Advanced National Income Policy Seminar for Russian Professional Audience.

Spring 1998. Developed 50 color slide presentation of core Microeconomic concepts.

Spring 1998. Developed Advanced Financial Markets Seminar for Russian Professional Audience.

Fall 1997. Developed Advanced International Negotiations Seminar for Russian Professional Audience.

Fall 1997. Adapted MBA Price Theory material to a BSM course. All aspects of course material scrutinized and revised. Adjustments made to professor's own textbook to enhance accessibility.

5. Presentations to faculty at your school discussing teaching innovations and early-stage intellectual contributions.

Winter 1998. Graziadio School of Business and Management, Adjunct Faculty Conference. Presentation on "Excellence in Teaching."

### III. INTELLECTUAL CONTRIBUTIONS

#### A. Applied Scholarship Contributions

1. Applied Scholarship Books.

Everything is Negotiable, eight-volume audio tape series, Achievement Dynamics, Inc. June 1998 (2nd Edition). Innovative program for study of negotiations as a business tool, significant global orientation.

2. Applied Scholarship Articles Published in In-House Journals

"Crossing the Great Wall: Preparing to do business in China." Graziadio Business Report. Summer 1998. Global Orientation

3. Applied Scholarship Papers Published in Proceedings of Meetings Aimed Primarily at an Academic Audience.

"Teaching Free Market Principles to Post-Soviet Russians," (with Dr. Roy Adler) presented to the Annual Conference of the Society of Educators and Scholars. Culver City, CA, March 1998. Global Orientation

4. Applied Scholarship Papers Presented at Meetings Aimed Primarily at a Practitioner Audience.

The Magna Carta in Crisis, The Breakfast Club of Los Angeles, August 1998. One-hour presentation to Los Angeles Business Professionals. The importance of the rule of law as an economic building block.

B. Instructional Development

1. Textbooks

*Economath Primer*, Matrix Capital Associates, Inc. August 1998 (3rd Edition). Innovative textbook for study of economics in a business school setting. Advancement of Contemporary Business Practice

*Economath Primer* Russian Version, Matrix Capital Associates, Inc. June 1998 (with Nikolai Chuvakhin) (1st Edition Russian Language Text Version). Innovative textbook for study of economics in a Russian business school setting. Advancement of Contemporary Business Practice

2. Presentations to other Institutions Describing the Design and Implementation of New Courses, Course Content, and other Instructional Innovations.

Presentation to AEISIC (Academic Development Program for the CIS). Presented a comprehensive working model for the development and implementation of a new graduate level educational program for the CIS taught entirely by outstanding American faculty. Moscow, Russia. October 1998

Presentation to University-wide faculty, Moscow Aviation Institute. Presented a review and evaluation of ongoing Market Economy Fundamentals Project and its potential use in preparing Russian Professionals selected for cultural and academic exchange programs. Moscow, Russia. June 1998.

University of Phoenix, Faculty conference. Irvine, California, October 1996. Keynote Speaker and lead presenter, "Excellence in Teaching." In two-hour presentation, shared the core traits and methodologies of excellent teachers, developed a set of fundamental building blocks necessary to foster and maintain excellent teaching within an institution. Directed at business faculty and business school administrators.

#### IV. SUMMARY OF INTELLECTUAL DEVELOPMENT AND CONTRIBUTION RECORD

Current Courses Taught:

MBA 670: Price Theory and Industrial Policy

Summary Discussion of Intellectual Development and Contributions Record:

Significant global orientation with a focus on developing, fostering, and promoting

"Excellence in Teaching" as the single most important goal of an educational institution.

Dr. Gertmenian maintains an extensive international travel schedule that keeps on the leading edge of global markets. In particular, he has become a recognized expert on the subject of planned economies transitioning to a market economy and the important role educators can play in these developing markets. Dr. Gertmenian has sat on numerous panels, presented papers and oral presentations on the subject in this country and abroad. In addition, he is actively involved in the development, implementation, and funding of educational programs designed to promote economic growth in LDCs.

Dr. Gertmenian takes an active role in committee assignments and takes seriously his role in peer development. Excellence in Teaching is a personal and professional mission. He regularly provides presentations to academic peers, alumni groups, and university employees. The opportunity to teach in the form of these special presentations is probably the most enjoyable and valuable contribution he can make to university service.

In the community, Dr. Gertmenian regularly makes presentations to local business and civic forums. He takes members of the community abroad to expand the cultural awareness. He also hosts numerous foreign students, educators, and government officials from around the world. This activity in association with his travel and lecturing keeps him working on the leading edge of management issues and market economy structure and development in a global age.



V. SERVICE

University Service:

Dr. Gertmenian takes an active role in his committee assignments and takes seriously his role in peer development. He provides presentations to academic peers, alumni groups, and university employees as appropriate.

Other Service:

Co-Founded the California Philharmonic Orchestra. From September 1996 to Present, Founding Director. Developed business plan, conducted negotiations with labor unions, County Board of Supervisors, and local government and civic leadership. Secured funding and underwriting for two successful major venue concert seasons. Additional community outreach to young musicians and youth groups.

In the community, Dr. Gertmenian regularly makes presentations to local business and civic forums. He takes members of the community abroad to expand the cultural awareness. He also hosts numerous foreign students, educators, and government officials from around the world.

Active in the formation of a major cultural foundation in Southern California (California Philharmonic Orchestra)

Dr. Gertmenian has served on the Board of Directors of the Near East Foundation, Board of Directors of the Medi-Globe Foundation, and the building committee of the Cecilia Armenian Church.

He is a member of the Sigma Chi Fraternity-Order of Constanine and Significant Sig Awards, Confucius Institute, Qufu, Shandong Province, China and Honorary Director, Wu Township, Shandong Province, China.

JUL. 29, 2005 12:22PM LCR 2 in Existing Projects  
By Marilyn Berger, Washington Post Staff Writer  
The Washington Post (1974; Current file); Jun 29, 1974; ProQuest Historical Newspapers The Washington Post (1877 - pg. A5

NO. 5870 P. 7

# New Agreements Build On Existing Projects

By Marilyn Berger  
Washington Post Staff Writer

The three agreements signed by the United States and the Soviet Union in Moscow yesterday, especially for nuclear relationships that had already been established.

The accord, are in the area of energy, housing, and health.

Three U.S. officials briefed reporters at the State Department on the agreements. They were chiefly questioned on why so much higher-level attention was being accorded them.

Dr. Charles C. Edwards, assistant secretary for health of the Department of Health, Education and Welfare, who discussed the agreement on myocardial infarction and artificial heart research, concluded: "I suppose it could have been called many other things."

However, he said, the agreement gave direction from the highest leaders of the two countries on where the research program should be.

The agreement, a U.S. state department spokesman said, is an important new dimension to already existing exchanges of heart disease which were started by the health agreement signed on May 27, 1972 at the first Sino-American summit.

It involves cooperative research in diagnosing methods of diagnosis and treatment of a disease that Edwards said kills 1 million persons and incapacitates 12 million to 14 million in the United States annually.

Cooperation will be placed on joint development and testing of heart devices such as pacemakers and artificial heart valves working toward the development of an artificial heart. Edwards said the Soviet Union is second to none in experience in the kind of research. The agreement, he said, is "very meaningful from a political and scientific point of view." But he said "it is more a political statement than a medical one."

Head of the U.S. medical team participating in the cooperative research project will be Dr. Richard DeBakey of Baylor University, a heart and lung surgeon who has performed heart operations on Soviet officials.

The team will be working under the aegis of the National Heart and Lung Institute of the National Institutes of Health in the Soviet Union, the project will be headed by Dr. Valery Shumakov.

John C. Sackhill, administrator of the Federal Energy Ad-

ministration, said the agreements are in the field of joint research and technical development programs and food, fuel, as well as financial, environmental sources of energy such as heat from the lava and earth heat production.

He said the United States had agreed to loan from the Soviet Union in the construction of energy through central and joint computer-aided energy systems established.

The United States and the Soviet Union signed an agreement for cooperation in the field of nuclear energy earlier this year.

Sackhill said that what there already was a complete program, the new agreement would establish a framework that didn't exist. The agreement, he said, leads on to the agreements.

The Soviet Union, Sackhill said, has "considerable ability in a broad range of joint information." But there are specific areas of cooperation which Sackhill said the Soviet Union would provide a better assessment of how the Soviet Union felt. He would survey the field. That would be useful to the United States, he said, to ward any possible in energy.

Sackhill said the agreement does not deal with commercial transactions in Soviet energy projects such as the exportation of natural gas.

There are some left in private law.

He said the agreements would be the world's largest energy agreement and would amount to five to eight years of development to be started and to work in the near future.

The housing agreement calls for a joint research project on construction of high-rise apartment buildings with 1.5-way program of the Department of Housing and Urban Development. The two countries hope to reduce the costs of construction of earthquakes by improving the design of structures and by studying the "behavior of pre-fabricated houses in this area."

When asked what the United States could learn from such an agreement, given the fact that the Soviet Union is not known for its excellence in housing construction, Sackhill said that the Soviet Union could build longer and more rapidly than the United States. It is able to do so.

Sackhill said he hoped the agreement would permit joint work on nuclear energy in the Soviet Union but that no specific has been made. He said, however, that it is a very significant step toward foreign visitors at these areas, some of which also hope to be the site for nuclear tests.



Tab 61

June 1, 2003

Robert Colton  
401 5<sup>th</sup> Avenue  
Wilmington, DE 19808  
302.584.4677

Tomey,

Attached is a petition the board should act quickly on. This will be the board's last chance to fulfill part of their responsibility. There soon will be others that will make the right decisions. I have been in contact with several state and federal agencies, in addition with my attorney, Richard Weir, a former Attorney General of Delaware. Though the board has felt nothing is wrong, these agencies feel differently and they will enforce the law.

The Guild has lost the Delaware Jockeys' Health Fund. The Delaware Commission has had it with the Guild's lack of responsibility and fraud, and has order the funds to be frozen and a state base administrator to manage the fund. California will not be far behind.

I think as COB you should have been in contact with the membership to see how they have felt about the Guild and Dr. G. Call any Delaware member where they have petitioned the state for a new administrator for the Delaware fund. Ask Jerry Bailey or Frank Douglas about the episode the day before the Preakness. You won't hear about Taft-Hartley, you will hear about embarrassing and disgusting behavior from Dr. G. Call Weldon Cloninger about the five checks from the Guild that just bounced. I guess this once again will be blamed on me. The board never even took the time to investigate the first set of lies. Lie detector tests are admissible within a company, so let's all take one to see who is telling the truth. My attorney is fulfilling that responsibility for the board. Contact Richardo Valdez and ask if his family has coverage after he has twice filled an application and the Guild sent him health cards for his family. Ask Eddie King, Paul Atkinson, or Deirdre Panas if they have been provided with any requested documentation. The ineptness just doesn't end.

I am quite confident in what I have done is right. I can see the big picture Tomey and it is not what I have seen since we changed management. Dr. G has lied to the board and membership numerous times. He has manipulated and convinced the board to take care of himself first. I am ashamed of the board's lack of action and I have a responsibility to the members of inform them of the truth. The heat will soon be turned on high; do not fail in your responsibility this time.

Sincerely,

Robert Colton

RC 0648

April 25, 2003

Robert Colton  
401 Fifth Avenue  
Wilmington, DE 19808

RE: JOCKEYS' GUILD, INC.  
134 E Chestnut  
Monrovia, CA 91016  
626-305-5605

Non profit corporation registered in Nevada in 2002  
Formerly registered as a non profit in New York

Former address:  
PO BOX 250  
Lexington, KY 40588-0250

To Whom It May Concern:

As both a former employee and member of the board for the Jockeys' Guild, Inc., I am very concerned with the current management. The Guild is a small nationwide labor organization that represents jockeys. We were convinced in June of 2001 by Dr. Wayne Gertmenian to change management to a consulting firm, Matrix Associates that is owned by him. I worked briefly for Matrix in the beginning of this year and was appalled by the lack of record keeping and the blatant disregard for the members' money and IRS regulations. Enclosed is the 2001 audit which the accounting firm "was unable to conduct an audit of statements of activities and cash flows in accordance with auditing standards generally accepted in the United States of America", along with a memorandum of internal controls and operating efficiencies.

Listed below are some of my concerns:

Employee Hiring:

- Employees are encouraged to be hired as "consultants"
- Hourly wages with no taxes withheld
- Few 1099s issued

Guild President Benefits:

- Rent payment to Mr. Gertmenian with no 1099 issued
- \$12,000 insurance annuity with no 1099
- Automobile lease and insurance for private use with no 1099
- Business expenses in excess of \$25,000 with little or no documentation

Employee Benefits:

- Apartments, utilities, and furniture rental are paid for by the Guild for both employees, "consultants", and Matrix employees
- "Internal Meals" (approximately \$40,000 for 6-8 employees) was paid by the Guild for any receipt turned in with no documentation for business purpose
- Direct payments made to personal credit cards
- Travel paid for without any documentation for business purpose

Matrix "consultants":

- Approximately \$900,000 in salary, payments, and other forms of compensation with few 1099s issued
- Payments made for miscellaneous personal expenses with no 1099s

Membership issues:

- Mid March, 2003, \$365,000 was owed by its 1,000 members for unpaid membership dues and health insurance premiums. Over \$250,000 was for less than 150 members, some of who were more than one year behind in health insurance premiums
- No 1099s were issued for disability income paid for by the Guild (\$465,000)

Accounting issues:

- The Guild's 2001 audit was unable to be conducted in accordance with auditing standards generally accepted in the United States of America.
- No audits were conducted in 2001 for the Disabled Jockeys' Fund, California Jockeys Health Fund, and the Delaware Jockeys Health Fund. Previous to the new management these audits were conducted on a timely basis.
- Several of the banks accounts have not been reconciled for almost two years.

Sincerely,

Robert Colton

**Fax**

To: Jockeys' Guild Board of Directors From: Tomey Jean Swan  
Fax: 210-566-3602 Pages: 9 including title page  
Phone: 405-627-6514 Date: 3/24/2003  
Re: Matrix Capital Associates Contract CC: Board of Counselors

Urgent  For Review  Please Comment  Please Reply  Please Recycle

In consideration of those issues raised at our board meeting, I have created a standing Financial Committee of the Board, charged with receiving and reviewing in-depth the financial statements at regular intervals. The Committee will be comprised of the Chairman of the Board, Tomey Jean Swan; Treasurer, Eddie King, and one Board Member-at-Large, Ray Sibille.

[REDACTED]

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**From:** Richard B. Shapiro [REDACTED]  
**Sent:** Saturday, October 15, 2005 5:59 PM  
**To:** Feddo, Tom  
**Subject:** Re: Jockeys' Guild

Tom:

I have checked with our staff, and to my personal knowledge, the California Horse Racing Board has never conducted any audit of the Jockey's Guild. We have been discussing, hiring an auditor to conduct an audit of the California Health Insurance Program, and all aspects of that plan and monies that are derived from California racing. We still have not satisfied ourselves on issues of concern, and would like to have a clear understanding as to the disposition of all monies provided to the Guild for the benefit of health services and coverage provided to the California Jockey Colony. If I can answer any additional questions, please do not hesitate to contact me. Richard B. Shapiro, Commissioner, California Horse Racing Board.

Mr. Shapiro,

In the Jockeys' Guild's recent response to the Subcommittee on Oversight and Investigations' subpoena for records, the Guild's legal counsel states that "Delaware and California both investigated complaints and audited the Guild and both found no problems. They also did not make a written report which apparently is their practice as well."

Could you please confirm, has the State of California, since 2000, ever itself audited the Guild, with respect to the funds provided by the State to the Guild, or in any other respect?

Thank you.  
Sincerely,  
Tom Feddo

Thomas P. Feddo  
Majority Counsel  
U.S. House of Representatives  
Committee on Energy and Commerce  
Subcommittee on Oversight and Investigations  
316 Ford Building  
Washington, D.C. 20515  
202.226.2424

Richard B. Shapiro  
[REDACTED]

10/16/2005

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Tab 65



**DELAWARE THOROUGHBRED RACING COMMISSION**

**MEMORANDUM**

**Date:** October 14, 2005

**To:** Mr. Thomas Feddo, Majority Counsel, U.S. House of Representatives

**From:** Mr. John F. Wayne, Executive Director, DTRC

**REFERENCE:** Electronic mail from Mr. Tom Feddo regarding a request for information regarding Jockey's Guild response to recent Subcommittee on Oversight and Investigations subpoena for records and the Guild's counsel's response claiming that "Delaware and California both investigated complaints and audited the Guild and both found no problems..."

Your request also included whether or not the State of Delaware since year 2000 ever itself audited the Guild with respects to the funds provided by the State of the Guild or in any other respect.

I shared this e-mail transmission with the Chairman of the Delaware Thoroughbred Racing Commission, Mr. Bernard J. Daney who also serves as an Ex-officio member of the Delaware Jockey's Health and Welfare Benefit Board. His comments are as follows:

"As you know we have never examined any documents nor have we had any accounting firm or law firm examine any documents of the Guild. In fact a number of times we have asked for breakdowns to know avail. Since the Jockey Board controls the funds we have not paid them for the last six months, asking for an explanation of each line of expenses. We were told they were too busy to supply the info. We have never been satisfied with the way they operated that's why we had the law changed. \*- Mr. Bernard J. Daney, Chairman DTRC, Ex-officio member Delaware Jockey's Health and Welfare Benefit Board.



Memorandum, Mr. Tom Feddo,  
Page 2 of 2

Since I have been appointed Executive Director/Administrator of Racing for the Delaware Thoroughbred Racing Commission on March 1, 1999, the Delaware Commission has never audited the Jockey's Guild. In fact the Commission had little influence over the annual money that was paid into the Delaware Jockey's Fund until The Honorable Ruth Ann Minner, Governor of Delaware signed legislation in August, 2004, specifically, Senate Bill 338 which formed the Delaware Jockey's Health and Welfare Benefit Board. The Board now has oversight of the \$350,000.00 plus adjustments for inflation that is appropriated annually out of purses and video lottery monies. Furthermore, the appropriated money is maintained in an account within the State of Delaware, under the authority of the Delaware Department of Agriculture and Racing Commission.

However, the Jockey's Guild has provided "audits" that they have conducted which did not contain any financial accounting and were more along the lines of policy statements.

Please let me know if I can be of further assistance to your committee.



**Matheson, Clayton**

---

**From:** Greenwood, Sheila - OCIA [mailto: [REDACTED]]  
**Sent:** Monday, October 17, 2005 9:29 AM  
**To:** Matheson, Clayton; Auerbach, Andrew - SOL  
**Cc:** Iverson, Kristine - OCIA; Sullivan, Adam - OCIA; Flynn, John - OSEC; Redmond, Sean - ESA; Saad, Sam - SOL  
**Subject:** RE: Official Confirmation

The Department of Labor (DOL) has never audited the Jockeys' Guild and no written report of an audit has ever been issued. In May of 2005, the DOL concluded that the Guild is not a labor organization for purposes of the LMRDA because it is composed of independent contractors and, therefore, the Jockeys' Guild is not subject to DOL enforcement.

---

**From:** Matheson, Clayton [mailto: [REDACTED]]  
**Sent:** Thursday, October 13, 2005 3:02 PM  
**To:** Greenwood, Sheila - OCIA  
**Subject:** Official Confirmation

Ms. Greenwood,

In the Jockeys' Guild's recent response to the Subcommittee on Oversight and Investigations' subpoena for records, the Guild's legal counsel states, "The DOL made an audit and found no problems, and they did not make a written report which apparently is its practice."

Could you please confirm, has the Department of Labor, since 2000, ever itself conducted an audit of the Guild's finances or any of its operations?

Thanks for your help.

Clayton Matheson  
Majority Investigator  
U.S. House of Representatives  
Committee on Energy and Commerce  
Subcommittee on Oversight and Investigations  
316 Ford Building  
Washington, D.C. 20515  
202.226.2397

10/17/2005

## THOROUGHBRED RACING ASSOCIATIONS



Tab 67

September 13, 2005

Mr. Thomas Feddo  
Majority Counsel  
Subcommittee on Oversight and Investigations  
House Energy and Commerce Committee  
2125 Rayburn Bldg.  
Washington, D.C. 20515

Dear Mr. Feddo:

The enclosed document (a letter to Chairman Whitfield from Lloyd Ownbey Jr. dated August 17, 2005) was brought to my attention as being posted on the Jockeys' Guild website.

Of most concern to me is the misstatement of facts in item 3 in the letter. Tracks do not require jockeys to sign a waiver of suit for the standard on-track accident coverage of \$100,000 in medical coverage in non-workers' compensation states. This insurance, when purchased by the racetracks, does not require the jockeys to sign anything to be covered under the terms and conditions of the policy.

In states where workers' compensation insurance purchased by owners and trainers covers the jockeys' work-related accidents, the tracks were persuaded by the Jockeys' Guild to purchase a catastrophic accident policy to provide a lump sum payment to riders suffering plegia, permanent total disability, or death. The payout is \$100,000. If, however, a jockey elects voluntarily to sign a waiver of suit against the racetrack, then the maximum payout can range from approximately \$400,000 to \$1,400,000, depending on the type of injury and the jockeys' earnings in previous years. The Guild's representation of the insurance coverage and the waiver is grossly erroneous.

In item 6c, the statement Florida and West Virginia require waivers of liability is wrong.

In item 11, the excess accident medical insurance purchased by the Guild for its members did not come through the TRA in any way. (Although TRA was not involved, it is my understanding that all Guild members were covered. Obviously, it did not cover riders in workers' compensation states, but it did when those jockeys rode outside their home state in events such as the Kentucky Derby where there was not any workers' compensation insurance.)

Sincerely,

Christopher N. Scherf  
Executive Vice President

cc: Corey Johnsen, President, TRA

**From:** Mark.E.Mathias@marsh.com  
**Sent:** Friday, January 09, 2004 3:56 PM  
**To:** srice@jockeysguild.com  
**Subject:** RE: RE: Jockeys' Guild - H&W

Your statement confuses me. your auditors are foolish if they only want to include the claims only costs of the plan in each of these states. You cannot limit the costs associated with DE or CA to the claims only. There are administrative fees (ie, p5, PHCS, SafeCo, Marsh, the Jockey's guild) that go beyond the claims costs.

You cant recreate an insurance company, be self insured, without the infrastructure. There is just less of it in the self funded mode. CA and DE have to pay for those in addition to the claims costs.

<<< Memo from srice@jockeysguild.com@Internet on 09 January, 2004, 09:32 Friday >>>

srice@jockeysguild.com@Internet on 9 Jan 2004, 09:32 Friday

**To:** Mark E Mathias  
**cc:**  
**Subject:** RE: RE: Jockeys' Guild - H&W

The inclusion of the actual claim information is destroying the plan. Both in CA and DE, the actual claims are lower than the premiums paid for the participants in the two states. Both states want to pay for actual claims only... DE, although, has a better understanding of it.

Do you agree? Or am I way off base? Is there anything we can do to convince the auditors to retract that information from the next audited statements?

-----  
 STEPHEN J. RICE  
 e-mail | SRICE@JOCKEYSGUILD.COM

-----Original Message-----  
**From:** Mark.E.Mathias@marsh.com [mailto:Mark.E.Mathias@marsh.com]  
**Sent:** Friday, January 09, 2004 8:46 AM  
**To:** srice@jockeysguild.com  
**Subject:** RE: RE: Jockeys' Guild - H&W

Steve, Please give me a couple of dates and I will be there.

<<< Memo from srice@jockeysguild.com@Internet on 08 January, 2004, 13:43 Thursday >>>

srice@jockeysguild.com@Internet on 8 Jan 2004, 13:43 Thursday

**To:** dpiazza  
**cc:** lmarlette (bcc: Mark E Mathias)  
**Subject:** RE: RE: Jockeys' Guild - H&W

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My concern, Dana, is that the submission of the CA only claims may destroy the national health and welfare plan. California has already made the statement that they would be willing to pay for individual claims, especially in 2002 because they were lower than the premiums. What they are suggesting is that the California funds available become its separate insurance program.

A much deeper explanation of the health insurance program is needed when the CA only claims are presented. I am going to setup a conversation with Mark Mathias to better explain the details of the program and the threat of disclosing such information.

-----  
STEPHEN J. RICE  
e-mail | SRICE@JOCKEYSGUILD.COM

-----Original Message-----  
From: Dana Piazza [mailto:dpiazza@pdmaccounting.com]  
Sent: Tuesday, January 06, 2004 11:02 AM  
To: srice@jockeysguild.com  
Subject: Fwd: RE: Jockeys' Guild - H&W

Hi Steve - Mr John Regan of the California Horse Racing Board requested our firm to put into the audit report the estimated cost of the self insurance program and the actual cost of the insurance claims paid pursuant to the Guild's self insurance program. Please note, that the Guild changed it's accounting method of recording health and welfare costs incurred in the year 2002, which is required to be disclosed in the financial statements. Please call me when you have a moment.

Dana N Piazza , CPA  
Piazza, Donnelly & Marlette, LLP  
310-540-4118 x227  
310-543-2051

To: dpiazza@pdmaccounting.com@Internet  
cc: lmarlette@pdmaccounting.com@Internet (bcc: CN=Mark E Mathias/OU=LOS-CA/OU=US/OU=Marsh/O=MMC)  
From: srice@jockeysguild.com@Internet

To: Mark E Mathias/LOS-CA/US/Marsh/MMC@MMC  
cc:  
From: srice@jockeysguild.com@Internet

**From:** Jenny Arnold [jarnold@pdmaccounting.com]  
**Sent:** Tuesday, January 06, 2004 12:58 PM  
**To:** Dana Piazza  
**Subject:** Fwd: RE: Jockeys' Guild - H&W



3 - Tier Rating (153 KB)

He sent me the information, however, per the paragraph below, he doesn't want me to use it. Please email him re: his request. Thanks!

Jenny R. Arnold, CPA  
 Piazza, Donnelly & Marlette, LLP  
 (310) 540-4118 x235  
 FAX (310) 543-2051

>>> "Stephen J. Rice" <srice@jockeysguild.com> 12/08/03 09:53AM >>>  
 I will provide you request #1 shortly.

Regarding request #1, I apologize ahead of time for being so adamant about this issue, only because it caused me so much explaining of how insurance works. I am negotiating into the Agreement between the TOC and Guild that only aggregate insurance numbers are to be provided in the audited report. Worst-case scenario, I would prefer the California and Delaware specific claim information (Note 2, last paragraph) not to be in the respective reports. If you still insist, I want to see documentation on why you are required to include this information.

#2 - if you provide the list I can provide the paperwork.

#3 - Attached to this e-mail [Re: 3 - Tier Rating] is the requested information.

-----  
 STEPHEN J. RICE  
 e-mail | SRICE@JOCKEYSGUILD.COM

-----Original Message-----  
**From:** Jenny Arnold [mailto:jarnold@pdmaccounting.com]  
**Sent:** Friday, December 05, 2003 2:47 PM  
**To:** srice@jockeysguild.com  
**Subject:** Jockeys' Guild - H&W

Hi Steve,

I would like to begin on the health and welfare reports next week also.

Can you please provide the following:

1. The P5 claims paid, sorted by state. The excel report you sent on disk last time worked well.
2. We need a way to verify what the jockeys' claim - single, married, dependent. Can we select some jockeys' and you provide the paperwork they turn in to you? If not, what is the best way to test this?

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3. Is there paperwork that says that the estimated costs (I believe provided to you by Marsh) have not changed? If not can you just resend the paperwork that showed their calculation of the estimated costs per jockey?

Give me a call if you have any questions. Thanks!

Jenny R. Arnold, CPA  
Piazza, Donnelly & Marlette, LLP  
(310) 540-4118 x235  
FAX (310) 543-2051

---

**From:** Lisa Stirling Haley [lhaley@jockeysguild.com]  
**Sent:** Tuesday, May 20, 2003 5:07 PM  
**To:** 'Stephen J. Rice'  
**Subject:** RE: AMEX...Need additional documents...

Stephen -

I put a copy in your box. I also have some other documentation if you need it, but the rental agreement is there. (There is a file on my desk of invoice and rental stuff...833 Foothill is all there. ---help yourself anytime.)

Lisa

-----Original Message-----

**From:** Stephen J. Rice [mailto:srice@jockeysguild.com]  
**Sent:** Friday, May 16, 2003 10:26 PM  
**To:** Lisa Stirling Haley/Jockeys' Guild  
**Subject:** FW: AMEX...Need additional documents...

Lisa-

I need to get a copy of the lease agreement for the Chestnut address.

-----  
STEPHEN J. RICE  
e-mail | SRICE@JOCKEYSGUILD.COM

-----Original Message-----

**From:** Jeff S Greene [mailto:jeff.s.greene@aexp.com]  
**Sent:** Wednesday, May 14, 2003 8:52 AM  
**To:** srice@jockeysguild.com  
**Subject:** AMEX...Need additional documents...

Dear Stephen:

Sorry, but because your D & B background check showed your address in Lexington, KY we are going to need some additional documents.

Please fax me these two documents.

- 1.) Your Lease Agreement (from your Monrovia address)
- 2.) Your Articles of Incorporation (just the one page document with the State Seal on it).

Any questions, give me a holler.

Thanks again.

Sincerely,

Jeff Greene  
Acquisitions Executive

(602) 537-2424



## DISABLED JOCKEYS' ENDOWMENT, INC.

### BY-LAWS

As Amended May 2005

#### ARTICLE I LEGAL STATUS

**Section A NAME.** The name of the organization as incorporated and for proper usage is Disabled Jockeys' Endowment, Inc. It is referenced hereafter in these By-Laws as the "Endowment."

**Section B LOCATION.** The Endowment shall maintain a statutory office within the state of California unless otherwise determined by the Board of Trustees.

**Section C NON-PROFIT STATUS.** The Board of Trustees and the Officers of the Endowment are specifically charged with causing the Endowment to continue its current non-profit status as established by the Internal Revenue Code Section 501(c)(3) and the laws of Nevada and California.

**Section D EFFECTIVE DATE.** These By-Laws, as amended, have been and shall be effective as of December 2002.

**ARTICLE II OBJECTIVE**

**Section A GUILD MEMBERS.** The Endowment exists for the sole purpose of assisting those riders who have sustained on-track injuries, and at the time of injury were Active Members of the Jockeys' Guild, hereafter referenced in these By-Laws as the "Guild". Such assistance may include grants for medical care, medical insurance, and general financial support.

**Section B PRINCIPAL MAINTENANCE.** The Trustees of the Endowment shall commit the time and resources to ensure that all moneys received from the donors for the Endowment are used solely to grow the principal of the Endowment, that no part of that principal be used for any reason except to earn interest and/or dividends, and that no part of the Endowment's principal or earnings be used to pay fundraising or administrative expenses (other than to compensate professional investment advisors).

**Section C DISTRIBUTION.** Periodically, and at their discretion, the Trustees of the Endowment shall transfer earnings from the Endowment's principal to the Guild's *Disabled Jockey's Fund* for distribution to its disabled members. No distribution from the earnings of the Endowment are permitted unless the principal exceeds \$10,000,000. The Guild's policies and guidelines for distribution to its members must be on file with the Endowment and approved by the Board of Trustees prior to any distribution made from the Endowment to the Guild's Disabled Jockeys' Fund.

**ARTICLE III BOARD of TRUSTEES**

**Section A GENERAL POWERS.** The Board of Trustees shall manage the business of the Endowment and exercise all relevant powers, subject to the restrictions imposed by law, its Articles of Incorporation, or these By-Laws.

**Section B SPECIAL POWERS.** Without prejudice to its general powers, it is hereby expressly declared that the Trustees shall have the following powers:

1. To make and/or change the Articles and By-Laws of the Endowment.
2. To appoint and remove all officers and agents of the Endowment.
3. To pay for any assets purchased for the Endowment in cash, bonds, mortgages, deeds of trust, and stock certificates.
4. To transfer bonds, mortgages, deeds of trust, and stock certificates.
5. To appoint committees within the scope of the Endowment's objective and to define the power and duties of such committees.

**Section C COMPENSATION of TRUSTEES.** Trustees shall not receive any salary for their services as Trustees.

**Section D FOUNDING TRUSTEES.** The incorporators selected the inaugural Board to pursue the Endowment's objectives as described in Article II. These founding Trustees, whose term of service began in December 2002, have maintained both the letter and spirit of these By-Laws and are committed to do so until each of their respective terms have expired.

**Section E NUMBER OF TRUSTEES.** The Board may have as many as nine and as few as seven elected, voting members. At least two Trustees must be California residents.

**Section F VACANCIES.** A Board vacancy will arise when a Trustee has served three consecutive years, or when a Trustee leaves the Board because of death, disability, or resignation. Vacancies may be filled by an election at any duly constituted Board meeting by a majority of those voting. A past Trustee who has served the previous three years is not eligible to return to the Board as a voting member for one year.

**Section G GUILD PARTICIPATION.** Both the Guild's Chairman and President shall be *ex officio* members of the Board, unless participating as *elected* Trustees, pursuant to Section F, above.

**ARTICLE IV TRUSTEE MEETINGS**

**Section A REGULAR MEETINGS.** Regular meetings of the Board of Trustees shall be at the time and place specified by the Board.

**Section B SPECIAL MEETINGS.** Special meetings of the Board may be called by the Chairman or any three Trustees of the Endowment. Such meetings shall be held upon one week's notice by first-class mail or by telephone or fax to each Trustee. Said notice shall specify the purpose of the meeting.

**Section C LOCATION.** Meetings of the Board may be held at any place in the United States, providing timely notice has been sent.

**Section D TELECONFERENCE.** The Board may hold meetings by telephone or similar communications equipment, so long as all members participating in such a meeting can correspond with one another

**Section E QUORUM.** A quorum of the Board for the transaction of business shall consist of at least 50% of the elected Trustees. Subject to applicable law, every act or decision done or made by a majority of the Trustees present at such a meeting is the act of the Board. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of a Trustee from the meeting.

**Section F ADJOURNMENT.** A majority of the Trustees present, whether or not a quorum is present, may recess any meeting to another time and place. If the meeting is recessed for more than 24 hours, notice of such recess shall be given to those Trustees who were not present at the time of the recess.

**ARTICLE V OFFICERS**

**Section A ELECTION.** The Board shall elect three corporate officers:

1. Chairman and Chief Executive.
2. Treasurer and Chief Financial Officer.
3. Secretary.

**Section B DUTIES of the CHAIRMAN.**

1. To preside over all meetings of the Board of Trustees that he or she attends.
2. To perform all statutory and regulatory duties of the office and such other duties as may be approved by the Board of Trustees.
3. To make assignments to any committee the Board Approves.
4. To appoint other officers or employees to positions designated by the Board.

**Section C DUTIES of the TREASURER.**

1. To preside over all meetings of the Board in the absence of the Chairman.
2. To perform all statutory and regulatory duties of the office and such other duties as may be approved by the Board.
3. To recommend financial institutions, brokers, and consultants for the Board's approval, and direct their activities once approved.
4. To recommend financial strategies for the Board's approval, and employ those strategies once approved.

**Section D DUTIES OF THE SECRETARY.**

1. To preside over all meetings of the Board in the absence of both the Chairman and the Treasurer.
2. To perform all statutory and regulatory duties of the office and such other duties as may be approved by the Board.
3. To keep a record of all Board meetings.
4. To serve all notices required by these By-Laws.

**ARTICLE VI DOCUMENTATION**

**Section A FINANCIAL RECORDS.** The financial reports of the Board shall be subject to review at the statutory office of the Endowment upon ten days written notice given by any active Trustee or by written resolution of the Guild's Board of Directors. All such inspections shall be made by a qualified CPA designated by the person(s) seeking the inspection.

**Section B DISTRIBUTION POLICY.** The Guild's guidelines for distribution to its members, as established by the Guild's Disabled Jockeys' Committee, shall be available for inspection by any donor to the Endowment or member of the Guild.

**Section C VOTING RECORDS.** The voting records for members of the Board of Trustees and for each of its officers shall be preserved by the Secretary for one year. Protests of any vote must be received in writing within thirty days of that vote. The voting Trustees of the Board shall rule on the validity of any protest.

**Section D AMENDMENTS.** The Board shall make all necessary revisions of these By-Laws to ensure compliance with HIPPA, the Labor Management Reporting and Disclosure Act, as well as any laws that govern trusts in the relevant jurisdictions.

**Certified by:**

_____	_____
David A. Woodcock Jr., Chairman	Date
_____	_____
Donald K. Farrar, Treasurer	Date
_____	_____
Lloyd C. Ownbey Jr., Secretary	Date
_____	_____
L. Wayne Gertmenian, Trustee	Date
_____	_____
Peter A. Michel, Trustee	Date
_____	_____
Richard J. Lewandowski, Trustee	Date
_____	_____
John B. Joseph, Trustee	Date
_____	_____
M. Wesley Parker, Trustee	Date



2424  
EO-2

DISABLED JOCKEYS' ENDOWMENT INC.  
1540 S LENA'S ST  
ANAHEIM, CA 92805-6423

**Your Bank of America  
Business Interest  
Maximizer Statement**

Statement Period:  
June 11 through June 18, 2003

Account Number: [REDACTED]

At Your Service  
Call: 626.453.8400  
Online: www.bankofamerica.com

Written Inquiries  
Bank of America  
North Arcadia Branch  
PO Box 37176  
San Francisco, CA 94137-0001

Customer since 2002  
Bank of America appreciates your  
business and we enjoy serving you.

Our free Online Banking service allows you to check account balances,  
transfer funds and more. Enroll at www.bankofamerica.com.

**Summary of Your Business Interest Maximizer Account**

Beginning Balance on 06/11/03	\$0.00	Annual Percentage Yield earned this period	1.14%
Total Deposits and Other Credits	+ 448,147.42	Interest paid year-to-date	\$67.89
Total Checks, Withdrawals, Transfers, Account Fees	- 10.00	Number of 24 Hour Customer Service Calls Self-Service Assisted	0 0
Interest Paid	+ 87.99		
Ending Balance	\$446,205.41		

**Deposits**

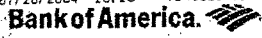
Number	Date Posted	Amount
	06/11	\$186,147.42

**Account Activity**

Date Posted	Description	Reference Number	Amount
06/13	Other Deposits and Credits Money Transfer Call Trn: [REDACTED] Sender Ref: 0088 Src: Fedwire Benf. Disabled Jockeys' Endowment Orig: Media Rights Account/Jockey's Guild		\$250,000.00
06/13	Withdrawals, Transfers and Account Fees Processing Fee For Money Tr-CA Trn: [REDACTED]		\$10.00
06/18	Interest Paid Interest Paid from 06/11/03 Through 06/18/03		\$67.99

*AAA  
JMK*

07/28/2004 16:18 7145828488



DISABLED JOCKEYS' ENDOWMENT INC.

Statement Period: June 11 through June 16, 2003  
Account Number: [REDACTED]

Daily Balance

Date	Amount	Date	Amount	Date	Amount
06/11	\$ 198,147.42	06/13	446,137.42	06/16	446,205.41



TO: LLOYD C. OWNBEX

Tab 73

D Farrar

From: "David Woodcock" <woodcockd@yahoo.com>  
To: "Donald Farrar" <dfarrar1@aol.net>; "Wayne Germerian" <wger@jockeysguild.com>; "John Joseph" <jjoseph2@aol.com>; "Richard Lewandowski" <rl@dewittross.com>; "Peter Michel" <pmichel1@aol.com>  
Sent: Saturday, February 12, 2005 12:58 PM  
Subject: your proposal

Donald, the proposed financial setup sounds fine. The amount currently in our bank accounts is hardly sufficient to interest a financial planner although we should certainly leave the door open to that possibility.

There should be something in our by-laws that sets forth a specific financial strategy to be followed by the Endowment. As Lloyd is supposedly editing our by-laws, it might be advantageous for you to talk with him.

Regarding a possible trustees meeting I am also in agreement. However, I would think we would want to have a thorough understanding of the matters to be discussed prior to such an expense.

Several days ago, Peter Michel asked me for an update on the status of the Endowment and its efforts. I have included my response to him with this message. Wayne was the only one copied on that message and perhaps it triggered your conversations with him.

As always, my concern is simply that the primary source of any donations to the Endowment are from within the racing industry, both corporately and private. Currently that is most difficult. In fact, several planned events have been cancelled or postponed.

I also feel that the Endowment and its mission are valid and very worthwhile.

LLOYD,  
DAVID WOODCOCK  
ASKED ME TO FAX  
YOU A COPY OF  
HIS E-MAIL TO ME.

DM

NOT SURE WHAT THAT  
WOULD BE. THOSE THAT  
CAN AFFORD PAY THEM  
OWN WAY. THOSE THAT  
CAN'T ARE JOINED ON  
CONFERENCE CALL.

A meeting in Monrovia or wherever might be the start of utilizing ALL of the resources available to meeting the goals and objectives of the Guild. But, it should not be simply another meeting.

The following is my response to Peter.....

In answer to your request I will attempt to give you a review of recent activities.

Nothing of note has been accomplished by the Endowment in recent months.

1. We still do not have a finished secretary's report for the meeting in Dallas. Nor do we have a version of the Endowment by-laws to approve or change.
2. We have not done anything regarding a financial plan for managing the existing funds in our bank account. As a result, the funds remain in a checking account earning minimum interest.
3. The collaterals project is still in the works. You have seen some of Bob Schick's proposals and made your comments. The final copy has not been seen or approved as of this date. The copy version I have seen was, in my opinion, a 50/50 description of the mission of the Guild and sort of piggy-backed the Endowment along. In my opinion it needed work and I advised Bob of my thoughts.
4. Barry Broad, who was elected to the Endowment board in December, has resigned. This was due to his perceiving a conflict with his role representing the Jockeys' Guild in various situations within California. You can read more about this and other media perceptions on the Thoroughbred Times website.
5. The treasurer's role is now filled by Donald Farrar. John Joseph is now a trustee only. This was done at

2/12/2005

The suggestion of Wayne and Joseph agreed to the change. One problem still exists however. The Endowment's corporate office is listed at Joseph's office in Anaheim. All legal documents, etc. go there and must now be forwarded on to wherever they must go...Farrar's for banking papers, Lloyd Ownbey's office for corporate reports and to the Monrovia office of the Guild for other matters. During John Joseph's term as treasurer I received copies of bank statements and records of all donations in order that I might send "Thank you" notes. I am not getting that material now although it might be my fault for not asking outright.

6. The current atmosphere surrounding the Guild and the various fronts they are needing to address has eliminated what meager communications the trustees of the Endowment have had with the Guild. I have attempted to get some sort of regular updates provided in order to be at least conversive when asked.

7. To my knowledge any Endowment sponsored events or any events by which the Endowment might benefit in the near future have been put on hold or cancelled completely. This includes several events scheduled in Louisville during "Derby Week".

Peter, this is a sorry attempt to try and bring you current. I am, as you are, committed to doing something for this group. Thanks for asking for this and hopefully it will help somehow.

Donald, thanks for your concern.

PS..One more favor...could you fax this to Lloyd at his office. He does not have e-mail and I don't have faxing from where I am.

=====

A better Social Security for my grandchildren will be my legacy!

2/12/2005

00 0000

NEWC

61E1E89609

00:20 0551/01/00

David Woodcock,  
Managing Partner, Harrell, Woodcock, Linkletter & Vincent

CHECK THIS OUT!..... [forourgrandchildren.org](http://forourgrandchildren.org)

"It's never too late to have a happy childhood!"

749

Tab 74

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**From:** David Woodcock [woodcock66@yahoo.com]  
**Sent:** Monday, August 25, 2003 8:32 PM  
**To:** Farrell Germerian  
**Cc:** Stephen J. Rice; Albert Fiss

In a short conversation with Wayne today I confirmed my attendance at the Breeders Cup races in late October. Do you want to arrange transportation or should I? I can do it just as easily.

As far as room, I can stay in a place you arrange or Lloyd Ownbey has offered to put me up. If he is going that will be fine. If not, maybe not.

I would like to meet with our people if at all possible while there to confirm the way the Guild and the Endowment share our responsibilities.

Does Wayne read ANY e-mail? I would like to outline things that are on my mind for his input.

Farrell, what is happening with your marketing program? Can I help in anyway?

OK, enough.

-----  
David Woodcock, Managing Partner  
Farrell, Woodcock, Linkletter & Vincent  
Deputy Executive Director  
FOR OCR GRANDCHILDREN

750

Tab 75

**From:** David Woodcock [woodcock66@yahoo.com]  
**Sent:** Friday, October 10, 2003 4:33 PM  
**To:** srice@jockeysguild.com  
**Subject:** Keeneland expenses



Keeneland  
expenses.doc

Attached is accounting of trip to Keeneland. Receipts  
in mail to you today.

Thank you.

=====  
David Woodcock, Managing Partner  
Harrell, Woodcock, Linkletter & Vincent  
\*\*\*\*\*  
Deputy Executive Director  
FOR OUR GRANDCHILDREN  
.....  
Chairman, Board of Trustees  
The Jockeys' Guild

751

October 10, 2003

Steven Rice  
The Jockeys' Guild

Re: Expenses

Enclosed are the receipts and accounting of a recent three day visit to Keeneland in Lexington, Kentucky.

Dates involved.....October 7-9, 2003

Car rental.....	\$177.57
Room.....	99.98
Food.....	165.90
Gas.....	..36.40
Parking.....	<u>..18.00</u>
TOTAL	\$497.85

Thank you!

Address: David Woodcock  
224 Thompson Street, #223  
Hendersonville, NC 28792

752

Tab 76

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**From:** David Woodcock [woodcock66@yahoo.com]  
**Sent:** Thursday, October 16, 2003 12:35 PM  
**To:** srice@jockeysguild.com  
**Subject:** THANK YOU!

PIN RECEIVED. THANK YOU.

Now is there any word on the repayment of my two  
airline tix? First to Las Vegas (\$670.50). Second to  
LAX for Breeders Cup week (\$329.00).

There is now a third on my card...Nov.29th to Dec.3rd  
from Palm Beach to Dallas for Assembly(\$373.50).

Total.....\$1373.00

Just checking.

Thanks again for quick response to pin replacement.

\*\*\*\*\*  
David Woodcock, Managing Partner  
Harrell, Woodcock, Linkletter & Vincent  
\*\*\*\*\*

Deputy Executive Director  
FOR OUR GRANDCHILDREN

.....  
Chairman, Board of Trustees  
The Jockeys' Guild



From: Tom Richardson [trichardson@jockeysguild.com]  
 Sent: Tuesday, June 17, 2003 1:54 AM  
 To: srice@jockeysguild.com  
 Subject: FW:

Unfortunately, he doesn't include the original emails.

-----Original Message-----  
 From: David Woodcock [mailto:woodcock66@yahoo.com]  
 Sent: Monday, June 16, 2003 5:20 PM  
 To: Farrell Gertmenian  
 Cc: Tom Richardson; John Joseph; Albert Fiss  
 Subject: RE:

Thanks for your response.!

I know that I am in the minority with all this stuff but to me, it is important. Frustration does not mean I have lost my commitment, it simply means I care enough to do my damndest.

I will call Kevin Nuss and/or Larry Snyder regarding presentation. As I recall, Steve Sexton presented a fax to Darrell that included what he saw as the CDI/Guild relationships. He also told me in May that the check I received then was the first of at least two. Are we proceeding with that fax as a work plan?

The only time I met Steven Rice was in Dallas and he was introduced as the person doing the website. I received an expense check signed by him. What does he really do?

Because of my operation this AM, I did not make a conference call between John Joseph, Albert, Darrell, John B. and you regarding the Endowment, existing relationships, existing negotiations with potential donations and anything else that pertains to this effort. Unless I know what is already in the till, what is being worked on and all that this entails, I will not be able to fulfill the commitment I made to G. to do my best to raise funds for the Endowment.

Is there any plan for involvement with Seabiscuit at your end? Has the Art Gray/Toyota possible deal seen any interest at your end?

What plans are involved with the Lone Star Jockey Challenge? Do we just accept the check when it comes in? I read about this in the paper by the way. I had never heard it mentioned before.

Ferrell, I do care! I want to help. I will drive to Louisville to help Tom Richardson represent the Guild. He will be my leader in this important event which is not just an autograph session in the paddock. It is an opportunity to show that there is a CHAMPION for the cause in the guise of a CDI track president and his organization. It is an opportunity to have a photo and a story for your newsletter that shows the efforts you are making to build the Endowment for the jockeys. During my 45 minute conversation with Pat Day along

with John Joseph and Steve Giallotti, he said he was very pleased that the Guild was making this effort but that he would reserve judgement on being more active or vocal until we proved our commitment. Now, if you can make a CHAMPION of him, you take a giant step towards legitimacy.

OK, I am through. Chalk it up to my wanting to help the Guild make enough small but meaningful steps that show the membership we can make it work. Our job as I see it is to make CHAMPIONS for our cause in all the ways, large and small, that we can.

=====  
David Woodcock, Managing Partner  
Harrell, Woodcock, Linkletter & Vincent

Deputy Executive Director  
FOR OUR GRANDCHILDREN

755

Tab 78

**From:** David Woodcock [woodcock66@yahoo.com]  
**Sent:** Tuesday, June 24, 2003 9:01 PM  
**To:** Fernsmail@aol.com  
**Subject:** Re: hi

Fern, you go ahead and talk with John Joseph. Also talk with Ownbey if you want. Several things...

1. Just what is your involvement now? Why are you getting back into this? I don't want to shake the tree without knowing what the rules are. We have no job descriptions and no polaying rules. what responsibility do you have in the Endowment?

2. The separation of the Guild and the Endowment is absolutely necessary. I wanted to avoid having G on the Endowment bank account for that reason but John thought it would be OK.

3. I contact the trustees and just sent them a newsletter last week. I will forward one to you tomorrow.They do not, at this time, communicate back to me at all.

4. I have no ideas at this late date re: Seabiscuit. That bridge was burned by Chris, Robby Colton and Farrell by abstension.

5. I have very little admint chores at this time. John should be keeping the accounts, sending the appropriate 501c3 receipts and providing me with weekly or bi-monthly updates. I have several responsibilities (a) A Social Security Reform Education Project (also 501c3) and will be in Santa Barbara in July for a major fundraiser (b) Chairman of publiccly owned company and (c) director of public company. So, I keep busy.

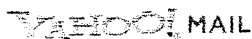
6. Farrel has been responsible for marketing the Guild which in my mind meant that most of her efforts would result in monies for the Endowment. Such things as silent auctions at the Derby, etc. But I have no idea what the results were, who was responsible, etc. They are valuable to our credibility. She said a while ago she was preparing or planning a Gala for next years Derby. That's all I know.

OK, that's it for tonight. Discuss anything you want with John J. but I want this damn thing to work right or ?

\*\*\*\*\*

David Woodcock, Managing Partner  
Harrell, Woodcock, Linkletter & Vincent

Deputy Executive Director  
FOR OUR GRANDCHILDREN



**From:** "Barry Broad" <brad@bbio.org>  
 "David Woodcock" <woodcock66@yahoo.com>, "John Joseph" <jjoseph2@socal.rr.com>, "Peter Michel" <pmichel1@aol.com>, "Richard Lewandowski" <rl@dewitross.com>, "Wayne Gertmerian" <org@jockeysguild.com>, "Albert Fiss" <aflss@jockeysguild.com>, "Lisa Haley" <stirling13@yahoo.com>  
**To:**  
**Subject:** RE: More (or less)  
**Date:** Wed, 12 Jan 2005 08:25:12 -0800

David,

As I discussed with you yesterday on the telephone, I share your concerns. I am in the process of defending the Guild and its officers and management from some very serious allegations of misconduct, some of which include allegations with respect to the Endowment. The Guild is in a very sensitive place, in which any appearance (as opposed to actual allegation) of impropriety or conflict of interest will be very, very damaging. The Endowment is subject to regulation by the State of California to insure that the mandatory charitable contribution authorized by statute is handled correctly. The endowment must be above reproach. The test is not one of mere legality, but of an image that is beyond question by the press or regulators.

As such, I will not continue on this Board past the end of the month unless the issues that you outline are resolved. These include:

1. The finalization of by-laws for the Endowment.
2. The completion of minutes of the Board of Director's meeting.
3. The immediate purchase of directors' liability insurance.
4. The deposit of Wayne's \$50,000 check. (This generous contribution is now known in the industry. We're that money not to be deposited, it would be disastrous).
5. A plan for the immediate investment of the corpus of the endowment in a portfolio of prudent, safe, and conservative investments.

Barry

-----Original Message-----  
**From:** David Woodcock  
 [mailto:woodcock66@yahoo.com]  
**Sent:** Wednesday, January 12, 2005 7:54 AM

[http://us.f329.mail.yahoo.com/ym/ShowLetter?box=Jockeys%20Guild&MsgId=9710\\_0\\_7...](http://us.f329.mail.yahoo.com/ym/ShowLetter?box=Jockeys%20Guild&MsgId=9710_0_7...) 8/18/2005

Yahoo! Mail - woodcock66@yahoo.com

Page 2 of 3

To: Barry Broad; John Joseph; Peter Michel;  
Richard Lewandowski; Wayne  
Gertmenian; Albert Fiss  
Subject: More (or less)

I am unable to send you any more of my messages and responses as they are on my computer in North Carolina. Right now I am in St. Augustine, FL with my laptop and I saved them on that one.

Suffice it to say, I am concerned.

1. Did \$50K Wayne donated at the Assembly ever get deposited in Endowment account?
2. Communications and appropriate responses to my inquiries are not forthcoming.
3. Have the by-laws been adequately prepared?
4. Is there a director's liability policy in force or not?
5. As volunteers to this associated organization, we are open to the same questions that are being asked of the Guild. Are we adequately prepared to respond? Personally, I am not one to say "No comment" to a properly asked question.

As the continuing questioning of the fiduciary management of the Guild certainly affects the ability of the Endowment to properly do its job, some sort of closure must be sought.

6. Has each trustee received a copy of annual financials from Lacy Marlette? If not, can John or Donald request them?
7. As chairman, I am ultimately responsible for proper corporate governance and I am not comfortable with the current situation.
8. The minutes of the Endowment meeting in December have not been corrected or signed off on as far as I know.

In conclusion, although I am still totally committed to the development of a strong financial support mechanism for the disabled riders through the Endowment, I also must be honest and say that I am troubled.

Again, I appreciate your comments and suggestions.

[http://us.f329.mail.yahoo.com/ym/ShowLetter?box=Jockeys%20Guild&MsgId=9710\\_0\\_7...](http://us.f329.mail.yahoo.com/ym/ShowLetter?box=Jockeys%20Guild&MsgId=9710_0_7...) 8/18/2005

=====

A better Social Security for my grandchildren  
will be my legacy!

David Woodcock,  
Managing Partner, Harrell, Woodcock, Linkletter &  
Vincent

CHECK THIS OUT!..... [forourgrandchildren.org](http://forourgrandchildren.org)

"It's never too late to have a happy childhood!"



**Date:** Fri, 15 Oct 2004 08:47:02 -0400  
**From:** Pamichel1@aol.com  
**To:** woodcock66@yahoo.com, afss@jockeysguild.com, cgertmenian@hotmail.com, jjoseph2@socal.rr.com, Sjbob13@aol.com  
**Subject:** Impact of Communications Strategy on the Endowment

Dear Dr. G.,

The Guild's communications strategy, as stated in our telephone conversation of October 13, has significant implications for the Endowment's fund-raising ability. The decision not to respond to the allegations printed in the Sports Business Journal, and similar attacks, leave a damaging impression in the marketplace. Without an aggressive program aimed at creating transparency both within the jockey's community and with outside interested parties, we are severely limited in our ability to raise funds.

I think that the face to face communications efforts in the jockey's rooms around the country are excellent. However, in my opinion, they need to be coupled with written materials covering non-confidential information. These written materials should be available to everyone inside and outside of the Guild.

The role of Endowment directors is very limited under the current approach. Personally I can not continue without being armed with written information rebutting the Sports Business Journal article. This information would have to be available for dissemination by me and my fellow Endowment directors in order to be useful. The issue is not one of informing us but rather informing prospective contributors.

Please give me your thoughts by email.

Thanks.

Best regards,

Peter

-  
 Peter A. Michel  
 972/672-8281

**Forwarded Message**

**Date:** Tue, 12 Oct 2004 05:55:59 -0400  
**From:** Pamichel1@  
**To:** woodcock66@yahoo.com, afss@jockeysguild.com, cgertmenian@hotmail.com, jjoseph2@socal.rr.com, Sjbob13@  
**Subject:** Re: Fwd: FW: Sports Business Journal

**Plain Text Attachment**

Yahoo! Mail - woodcock66@yahoo.com

Page 2 of 2

Dr G.,

I believe that the Sports Business Journal article has taken a number of unfortunate misunderstandings and created a real crisis for the Guild. The Guild's future effectiveness and the Endowment's ability to raise funds require a set of responses.

I recommend a communication to the Guild members reviewing all of the facts concerning funds for injured jockeys going back as far as 1997 if possible. This letter, to be mailed directly to each member and posted on the website, should concentrate on this one subject and not discuss other Guild issues. It should not reference the Sports Business Journal article. A second letter with exactly the same content plus an introductory sentence should be sent to the Sports Business Journal.

It is obviously essential that these letters be very thoroughly, carefully and calmly prepared. After drafts are developed, they should be reviewed by the trustees of the Guild and the board members of the Endowment before they are sent out.

This project, of such importance to all concerned, should be completed within two weeks. However, accuracy is more important than speed.

Sincerely,

Peter

--

Peter A. Michel  
972/672-8281





**Date:** Sat, 16 Oct 2004 08:18:08 -0400  
**From:** Pamichel1@aol.com  
**To:** drg@jockeysguild.com, cgertmenian@hotmail.com, woodcock66@yahoo.com  
**Subject:** Endowment

Dear Wayne and David,

At our meeting in California in early September we discussed my being elected President of the Endowment in the relatively near future. Subsequently Wayne asked me to become the Treasurer for the Endowment to have a "disinterested" individual in that role. During that conversation it became evident that to meet the requirements of the State of California the Treasurer needs a California address. It was assumed that this requirement could be met by my using the Guild address.

Based on our recent exchanges concerning staff resources and indications that the State of California is going to demand by the book compliance with its rules and regulations before releasing the funds due to the Endowment, I have concluded that I should not be the Treasurer or the President. I am happy to continue as a Director.

Getting the funds due from California should be a high priority. Having California citizens in the Treasurer and President roles reduces the potential for further delays and appearances of trying to work around the spirit of the rules.

From a staffing perspective, the Endowment needs a Treasurer and a President with staff resources to donate. The current operation lends itself to important matters being unacceptably delayed or dropped completely.

Therefore I am declining to serve as either Endowment Treasurer or President.

Best regards,

Peter

--

Peter A. Michel  
972/672-8281

----- Original Message -----

**From:** TOMEY SWAN  
**To:** Kent Desormeaux ; Abad Cabassa ; David Shepherd ; Deirdre Panas ; Eddie King ; Larry Reynolds ; Ray & Dorothy Sibille ; Robbie Davis  
**Sent:** Wednesday, May 14, 2003 8:18 PM

We are back. We are no longer a horse without a bridle. I received today the contract I signed, signed by Dr. G. I know some of the stops we imposed were hard for him to swallow, but for the betterment of the Guild, he did. We left the Giovanni Era in full support of Dr. G and the Matrix Team, (who had to learn horse racing immediately) and have been rewarded, in short order, with remarkable results. We started this relationship with G, on a pinnacle of trust and I am still firmly planted on that belief. Don't stop the freight train. Tomey Jean Swan

----- Original Message -----

**From:** EDWIN @ PENNY KING  
**To:** Tomey Swan ; Robbie & Margaret Davis ; Larry Reynolds ; Kent Desormeaux ; Dorothy Sibille ; Dave Shepherd ; Abad Cabassa ; Deirdre Panas  
**Sent:** Friday, May 16, 2003 12:11 PM  
**Subject:** Fw: \*\*\*\*\* Urgent \*\*\*\*\*

----- Original Message -----

**From:** EDWIN @ PENNY KING  
**To:** TOMEY SWAN  
**Sent:** Thursday, May 15, 2003 11:32 PM  
**Subject:** \*\*\*\*\* Urgent \*\*\*\*\*

Tomey,

I have left two messages requesting a return call, reason being. Where is the million dollars that Dr. Gertmenian requested to move out of the Disabled Riders Fund.

You, Dr. Gertmenian and I are aware these funds have been moved to another account.

Dr. Gertmenian assured me what we were doing was OK. Now I am not so sure I would appreciate if you would please find out and notify me asap.  
 Seek third party advise.

Thank You,  
 Edwin L. King

----- Original Message -----

**From:** EDWIN @ PENNY KING  
**To:** Tomey Swan ; Robbie & Margaret Davis ; Larry Reynolds ; Kent Desormeaux ; Johney Court ; Dave Shepherd ; Abad Cabassa  
**Sent:** Sunday, January 18, 2004 5:11 PM  
**Subject:** Jockey Guild Concern's

Tomey,

I am writing in regards to some questions I have concerning many things which have transpired with the Jockey's Guild.

I'm having a hard time understanding why approximately one year ago the guild did not have enough funds to hire an outside attorney for professional advice on the Jockeys Guild contract, which was **very** important to our organization. Which in the end, they basically wrote their own contract and then calls were made to Board Members for it to pass. In my opinion the contract was a more important issue than campaigning all over the country about Bobby Colton. I encouraged an investigation into the Bobbie and Deirdre case, and according to the letter that all Board Members received from Bert Fiss dated May 12, 2003 stating that on March 30<sup>th</sup> everything was found to be in proper order. Why do we continue to spend time and money on this? It is my understanding Deirdre Panas is no longer a Guild member anyway.

How long are they going to keep blaming everything that goes wrong on past mistakes? Hopefully, lessons can be learned from our mistakes and we can move forward and take responsibility for what is going on today with the Jockey's Guild.

I hearing from riders around the country that problems we have today continue to be placed on the Bobbie and Deirdre case. Such as the checks being returned as recent as October of 2003 when Bobbie has been gone since March. At some point the board needs to realize we are getting absolutely nothing out of this. Remember we didn't spend this much time on the Jockey's Guild contract. Isn't there more important issues that we could focus on, like getting contracts, retirement funds that we were advised would be put in place, and working closer with Track Management's that would benefit our Guild members more significantly than chasing dead issues. You and I had a plan two years ago and I don't know about you, but I feel we have not accomplished one thing for our members. We are back to were we started, statues in our own organization.

It was a relief when I was replaced as treasurer of the Jockeys Guild. I continue to have questions concerning where the one million dollar transfer which we, (yourself, Dr. Gertmenian, and I) signed for was moved. I have been advised by my attorney that I need this information in my records to protect myself. I would certainly think it would be in your best interest to also have this documentation.

There was one more thing that was brought to my attention, which was - that we allowed a licensed agent to carry our insurance. If this is true my agent is a former rider and I know he would be interested in getting insurance through the Jockeys Guild. I would appreciate if you would please check into this for me.

Sincerely,

Edwin L. King

cc: Ray Sibille  
Abad Cabassa  
Robbie Davis  
Kent Desormeaux  
Larry Reynolds  
David Shepherd  
John Court

----- Original Message -----

**From:** TOMMY SWAN  
**To:** Eddie King  
**Sent:** Sunday, January 18, 2004 8:55 PM  
**Subject:** Re: Jockey Guild Concern's

Eddie, I just checked messages and even though the phone conference is about to begin, I wanted to respond to your email. You are right in wanting to quit throwing away money on the Bobby Colton issue. He has cost us an inordinate amount of money this past year. From flying the board to Ca. so he could show us proof of Dr. G's wrongdoing, to the continued harassment of the staff in trying to invent a case against G, to the constant berating of the Jockeys in Ca. and DE to turn against our leadership and on and on. This continual drain of having to defend ourselves has got to stop. I do not know anything about an agent being insured under our insurance program and am certain that is not true, as it is not the way it was established. However, if I find that I am wrong, I will certainly address it and find out why an exception was made--plus I will let you know. Concerning the money that we transferred, you know very well that is in a Health and Welfare Reserve acct to ensure that SaveCo would be comfortable with our self insuring. As far as saying that we have not accomplished anything, really takes me aback. I don't know where that is coming from. We are close to 1150 riders now, the confidence level from our membership is off the charts, the items that Dr. G has taught that need to be accomplished are steadily being checked off and we are (for the first time in a long time), financially stable in both the balance sheet and the profit/loss statement. Sorry if this looks hurried--probably lots of spelling and etc. errors--but wanted to get a response out before the meeting. Email me anytime--it is the best way to reach me. My best to Penny. I am not use how to do all the copies at once, so may have to send them separately. Tommy Jean

----- Original Message -----

**From:** EDWIN @ PENNY KING  
**Sent:** Sunday, January 18, 2004 9:48 PM

----- Original Message -----

**From:** EDWIN @ PENNY KING

**To:** Robbie & Margaret Davis ; Kent Desormeaux ; Larry Reynolds ; Dave Shepherd ; Abad Cabassa ; TOMEY SWAN ;  
 asala@comcast.net ; albo9988@aol.com ; jbadilla1974@yahoo.com ; grcjoc@aol.com ; johnston@insightbb.com ;  
 wire2wire@aol.com ; ceosis@aol.com

**Sent:** Friday, May 28, 2004 5:50 AM

**Subject:** Re: Jockey Guild Concern's

Tomey,

That's great thank you for getting the call set up. Still waiting on the bank statement and deposit slip for the transfer of one million dollars in approximately January 2003, during the time I was treasure. I have requested this over and over for my records. I would appreciate what ever you can do to get these for me.

Thank you,  
 Eddie

----- Original Message -----

**From:** EDWIN @ PENNY KING

**To:** Robbie & Margaret Davis ; Larry Reynolds ; Kent Desormeaux ; Dave Shepherd ; Abad Cabassa ; TOMEY SWAN ;  
 jbadilla1974@yahoo.com ; grcjoc@aol.com ; johnson31@aol.com ; ceosis@aol.com ; wire2wire@aol.com

**Sent:** Thursday, June 10, 2004 7:21 PM

**Subject:** Re: Jockey Guild Concern's

Tomey,

I have not received or gotten any information regarding the conference call, would appreciate if you could please get it scheduled.

I'm still waiting on the documentation that has been requested numerous times, this seems to not be an important issue anyone else, but it is to me. During the time period this transaction took place, I held the seat as treasure. I've been advised it is in my best interest to have a copy of the Bank Statement were the funds were transferred and a copy of the deposit slip.

Thank you,  
 Eddie

----- Original Message -----

**From:** TOMEY SWAN

**To:** EDWIN @ PENNY KING

**Sent:** Friday, June 11, 2004 4:40 PM

**Subject:** Re: Jockey Guild Concern's

We need a conference call for many reasons--however Dr. G's sister passed away unexpectedly on Tues. and so had to cancel plans to have it this week--will get it going for next week. I looked back through my notes and found what you are talking about, I think. The money that was left in the Disabled Jock acct, that we used to pay out to disabled jocks. Is that the money you mean? tj

----- Original Message -----

**From:** EDWIN @ PENNY KING

**To:** Johney Court ; Robbie & Margaret Davis ; Larry Reynolds ; Kent Desormeaux ; Dave Shepherd ; Abad Cabassa ;  
 TOMEY SWAN ; grcjoc@aol.com ; jbadilla@aol.com ; johnston31@insightbb.com ; wire2wire@aol.com ;  
 ceosis@aol.com

**Sent:** Friday, June 11, 2004 5:11 PM

**Subject:** Fw: Jockey Guild Concern's

Tomey,

The money I continue to ask about is the one million dollars that was taken out of the disabled riders fund and was to be transferred to another account. I remember very well you Dr. G and I having this conversation. This was over a year ago. I would think the Guild would still have these records. This should not be this big of an issue to get the Bank statement and deposit slip for this transaction. I am very sorry to hear about Dr. G's sister, please give him my best.

Thank you,  
Eddie

----- Original Message -----

**From:** TOMMY SWAN  
**To:** EDWIN @ PENNY KING  
**Sent:** Friday, June 18, 2004 8:18 AM  
**Subject:** Re: Jockey Guild Concern's

Since this is going to be a Senate meeting rather than just a board meeting, I am getting all kinds of requests for problems to be addressed at that time. So, in order to accommodate everyone, we need a little time to go over the info they are sending us. I have not even received some of the info riders say they are sending to me. So, we are having the conference call either 6/27 to 6/29--whichever day the most can participate. I will have you on the agenda. Thanks tj

----- Original Message -----

**From:** TOMMY SWAN  
**To:** EDWIN @ PENNY KING  
**Sent:** Monday, September 13, 2004 9:06 AM  
**Subject:** Re: Jockey Guild Concern's

Eddie, Did you ever get any satisfaction on this matter? tj

**From:** EDWIN @ PENNY KING  
**Date:** 10/23/04 08:17:08  
**To:** Gevork Asatryan; CA/Laffit Pincay Jr.; Early S. Fires; Tomey Jean Swan/JG/BOD; 'Abad Cabassa Jr./JG/BOD'; 'CA/Kent Desormeaux'; David Shepherd/JG/BOD; Larry Reynolds/JG/BOD; Ray Sibille/JG/BOD; Robbie Davis/JG/BOD; Casey Lambert/JG/BOD  
**Cc:** Albert Fiss/JG; L Wayne Gertmenian/JG  
**Subject:** Re: Official Board of Directors' Meeting

Board Members and Guild Management,

I am requesting the minutes of the last two assemblies with the election process and results, and all board and senate meetings for the last two years. Under the DOL we should have all this on file. Would appreciate if you could get this to me as soon as possible so I can review before the next assembly meeting.

Thank you,  
Eddie

----- Original Message -----

**From:** Tomey Jean Swan  
**To:** E.P.KING@COMCAST.NET  
**Sent:** Saturday, October 23, 2004 6:22 PM  
**Subject:** Re: Official Board of Directors' Meeting

Eddie and Penny,

I'm sending this to you, not everyone. I have tried to stay out of this, as far as you are concerned because I believed you were sincere about your concern for Jockeys. However, these recent defamations against the Jockeys' Guild, are just too much. I work hand in hand with Dr. G and Albert. I see what most people don't see and that is their true dedication to helping riders. I just came back from a meeting with NAPRA where we gained so much strength from racing

commissioners and it was not because of me. It was because of the power that Dr. G brings to the table. We never had that before in the history of Jockeys. We can get so much accomplished--all the things that you and I used to talk about with this man at the helm. But, how long would you stand up and take this kind of personal abuse if it were you? He is doing so much for us and can do so many things, that I see happening--at least before all these negative articles--that I am amazed you are not letting it happen without causing these articles to make people think something bad is going on. How long would you keep working hard for an organization that questions your motives constantly. Ray Sibille and I are in the middle of everything constantly and we both believe Dr. G is on the right path to getting things done for Jockeys. When he took over, we were a joke. We are getting back our power now and have a chance to really get the important things done that I thought were important to you also. Then I come back from the NAPRA convention all pumped because they believed we were one voice--and realized you could not stop Jockeys if we were united--and then this. I just paid to buy the article from LATimes on the internet. Please give us a chance to go forward and trust the instincts of those who are there--for no other personal gain--and not be sucked into those that want to split us apart, for their personal reasons.

Tomey Jean Swan

**From:** EDWIN @ PENNY.KING

**Date:** 10/25/04 20:50:51

**To:** TOMEY SWAN

**Subject:** response

Tomey,

Sorry I took so long to respond. I appreciate the fact that you tried to stay out of this, I am truly sorry the riders have to go through this. As to the comment of defamation, you might reread the articles again. No where in there did I defame the Guild. I stated the truth as things came forward. I never once said Dr. G. could not do the things he said he could accomplish. All I ever wanted was truth and accountability, which when we wasted \$ 2,500.00 with Steve Blitz and then listen to Dr. G. say the man didn't know what he was doing. Steve said he needed to have a conference with the board to discuss it and what did we do? We buckled to G's threat to quit. And then get to Dallas and compound the situation by giving the contract with absolutely no accountability.

I asked the office many times about the 1million, all they had to do was tell the truth. I got so many explanations I don't know what the truth actually is. Albert has explained it to me but it different then he is telling other riders around the country. The worst might be that 250,000.00 was taken from the fund and deposited into the Endowment, That is a lie! I have the bank statement saying where it came from, (Riders media account). You said in an email dated January, 18, 2004 the 1mill. was in an (Health and Welfare Reserve account to ensure that SaveCO would be comfortable with our self insuring). I don't know where you got that information but it doesn't make any sense after all the other explanations.

I want to give you an example how poorly I think Matrix has been handling the money of our riders. Well just one rider. he has been riding for about 15 years, most of them the leading rider and riding @2000 thousand a year. He received 1,600.00 when they returned our savings back to us. Now he calls and wants all his money since there really is no retirement account and they tell him he has none. Why should we not want to know what is going on. Albert did say he would get to the bottom of it, so we will be patient and give him the chance. You must not forget that we do talk to each other and when riders start hearing these sort of things they want answers yesterday.

In your letter you make reference to personal gain. I have nothing to gain. I don't want G's job or Albert's not even your position. I just want truth and accountability.

Again I apologize to the riders over this but not Dr. G. or Matrix.

Dave called the other day, I was surprised it had taken so long. He really let me have it, which I felt was good. This should not interfere with friendship even though I know some scars never heal. He demanded I resign, There is only one problem, he threatened me with a plan B. I really want to see plan B. so I've contacted a couple of labor lawyers that want to see the plan also.

You know all this would have gone away a long time ago if were more forthcoming and honest. But that is just between you and me.

Treasurer there came a ton of responsibility I didn't want I even wanted to resign but the membership pleaded with me to stay and I caved. That might be worst thing that could have happened. I tried to do the job like it was required of me by the law. The management was the largest barrier for me to accomplish the task. And now I am the bad guy. Just like

dealing with racetrack managements over bad conditions. You stick your neck out and the riders stab you in the back. All I wanted to do was make sure there money was being watched over.

We are spending way to much money and the petition for an audit should be done and by some one other than Dr. G's and.

Torney, I am sorry you think I have lost focus. I think we are in the same book just different pages.

Talk to you later  
Ed King

----- Original Message -----

**From:** Torney Jean Swan  
**To:** E.P.KING@COMCAST.NET  
**Sent:** Monday, October 25, 2004 10:39 PM  
**Subject:** Re: response

Eddie,  
I don't know where to start with this. First of all, I did not mean that you were wanting any personal gain. I meant whomever you have been talking to does. I can tell you, no one wants my position. And since you said this is just between us, I'll take you at your word. I completely believe that Dr. G and Albert will accomplish the things we have wanted and needed so long for jockeys. I have had complaints and personally had problems with some of the matrix members, but G gets us lawyers pro bono. Kennedy was a tremendous liability and expense to the Guild. I don't see a Florida fiasco ever happening under G's watch and with the people he brings in when it counts. I have personally seen across the country these things happening. I know you had to have misunderstood what G said as far as the \$1 mil you keep talking about. Ray Seville, whom I believe is a completely honorable man also, believes the two accounts are accurate and as they say. I have talked many times to Dr. G when he has said something--and I have thought about it for a second--and said--wait G, that's not right, you mean this.....--and he will go, "Yeah, that's what I said". No it wasn't what he said but I have worked with him enough to know he talks and thinks on too fast a level. I don't believe he is trying to "pull" anything. The damage that was done with the articles is truly awful. We cannot be considered divided, just as so many things are happening. As far as the guys money you were talking about--did you mean Albert is checking into it--cause I certainly will also, if you want me to. I believe that you made a huge mistake for riders when you talked to the press. Not much else to say. Torney Jean Swan

----- Original Message -----

**From:** EDWIN@PENNYKING.COM  
**To:** ront@nbnet.nb.ca  
**Sent:** Wednesday, October 27, 2004 10:03 PM  
**Subject:** Conference call response

Torney,

I want to thank you for staying on the line after the call the other night. It seems really strange that after my conversations with Dr. G., Steve, and Albert about my concern over the past year and a half that it came down to the call the other night. What might be the strangest part is that in all our conversations they never once offered the explanations that I was mistaken about the conversation between Dr. G. and myself over 1mil. And then to speak to me as if I were some piece of garbage in front of the senate and board. If that had been any one of my other employees they would have been taking a walk out the door. It needs to be explained to Dr. G. that he is our employee and not the other way around. Also if it was this simple to take care of now, was it not that simple to take care of a year ago?

When I receive all the information concerning the fund I will contact Albert and go over the numbers and also allow the accountant that is willing to do what ever we ask (pro bono) to either sit in on the call or check the information on his own I will contact you with findings which I am sure will be in order.

You know when you first started trying to become what we then called President of the Jockeys Guild, I was a strong supporter of yours and even lobbied on your behave. I have got to tell you I am very disappointed with your comments and your tone towards me. I am not Bob or Deidre. I have nothing to gain by searching out the truth. I am not trying to separate the members. All I want from our pligh is what is right and just, so when it comes to my questions and concerns I expect a lot more respect.

I hope you do not find this negative for it is not meant to be.

[REDACTED]

---

**From:** [REDACTED]  
**Sent:** [REDACTED]  
**To:** [REDACTED]  
**Subject:** Fw: Follow-up on your response to the KING inquiry and some recommendations prior to the October 12th meeting.

-----  
Sent from my BlackBerry Wireless Handheld

-----Original Message-----  
**From:** EDWIN @ PENNY KING <[REDACTED]>  
**To:** [REDACTED]; Alan Milstein <amilstein@sskrplaw.com>  
**Sent:** Thu Oct 06 22:47:26 2005  
**Subject:** Fw: Follow-up on your response to the KING inquiry and some recommendations prior to the October 12th meeting.



AGREEMENT -  
Revised Guild repl...  
----- O ----- Original Message -----  
**From:** Wayne John (DDA)  
**To:** King, Penny  
**Sent:** Friday, September 30, 2005 9:43 AM  
**Subject:** FW: Follow-up on your response to the KING inquiry and some recommendations prior to the October 12th meeting.

John F. Wayne  
Administrator of Racing  
Delaware Thoroughbred Racing Commission  
Delaware Harness Racing Commission  
Office: (302) 698-4600  
Fax: (302) 697-4748

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-----  
**From:** Albert A. Fiss [mailto:afiss@jockeysguild.com]  
**Sent:** Thursday, September 29, 2005 8:24 PM  
**To:** Wayne John (DDA)  
**Subject:** RE: Follow-up on your response to the KING inquiry and some recommendations prior to the October 12th meeting.

John,



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Unfortunately, I am unable to meet your request as I am dealing with other issues.

As you recall, the purpose of the meeting on Oct. 12th is to discuss the future relationship between the Guild's family health plan and the Delaware Jockeys' Health and Welfare Benefit Board (DJHWBB). In addition, given the financial (cash flow) burden we are currently operating under (the Guild subsidizing the jockeys until the DJHWBB releases its funds), it is not fiscally prudent for us to add new jockeys to the plan.

Be that as it may, I think you are forgetting that the Guild is currently not under contract with the DJHWBB. Consequently, we are not in a position to offer Eddie King and his family access to the Guild health insurance plan. Lastly, given the DJHWBB's position to move in a different direction vis-à-vis health coverage for Delaware jockeys', and the Guild's inability to adjust the proposed contract to the satisfaction of the DJHWBB (and its lawyers), I think it would be wise for all the members of the board to come prepared with viable plan alternatives. That said, I am attaching the last proposed contract from the Guild for review by the DJHWBB members.

Thank you.

-----Original Message-----

From: Wayne John (DDA) [mailto: ]  
Sent: Thursday, September 29, 2005 6:01 AM  
To: Albert Fiss  
Cc: Perkins Shelley (DDA)  
Subject: Follow-up on your response to the KING inquiry and some recommendations prior to the October 12th meeting.

Dear Albert,

REFERENCE: EDWIN KING/PENNY KING e-mail inquiry.

Could you be so kind to provide the Delaware Jockey's Health and Welfare Benefit Board a chronological history of the case as detailed as possible with the extent of the coverage offered or denied and time periods. Please illuminate what the King's did or did not do so that they would have been covered and provide copies of all supporting documentation sent and received by the Jockey's Guild.

This information should be sent in advance of our meeting on October 12, 2005 so that it can be reviewed. In addition, a presentation from yourself and examination of the documentation would be useful in the evaluation of the circumstances.

I will also contact Mrs. King and ask her for documentation on this case and see if she is available to attend our meeting on the 12th of October.

Very truly yours,

770

John F. Wayne  
Administrator of Racing  
Delaware Thoroughbred Racing Commission  
Delaware Harness Racing Commission  
(302) 698-4599  
(302) 697-4748 (fax)  
john.wayne@state.de.us

cc: Ms. Shelley Perkins

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----- Original Message -----

**From:** Wayne John (DDA)  
**To:** Asatryan, Gevork  
**Cc:** Fasy, William ; estegemeier@delimporters.com ; threecerubs@aol.com ; derbydog1@cox.net ; mccarthy racing1@aol.com ; Price JoAnn (DDA) ; Albert Fiss ; Ogden Sandra (DDA)  
**Sent:** Thursday, August 11, 2005 10:13 PM  
**Subject:** status of letter and request for funds with BB&T, Ms. La Plant, etc.

Dear Gevork,

Just a reminder to check on the status of the letter to BB&T and the disposition of funds that were to be deducted from the account with the remaining balance forwarded to the DTRC in care of the Delaware Department of Agriculture to be deposited in the Delaware Jockey's Health and Welfare Account.

Any progress on this as of yet?

On another note, I received a telephone inquiry from Mrs. King this evening and she indicated that she had forwarded all of her forms and applications to the Jockey's Guild for inclusion in the medical plan. She advised that someone at your office, specifically, a Ms. Lisa Haley claimed that the Guild was not accepting any further policies for Delaware enrolled riders since they have not been paid by the Delaware Racing Commission. This is inaccurate since the Commission has been vigilant in requesting supporting documents from the Guild and have agreed that outstanding monies should be taken out of the trust account that holds in excess of \$528,000 plus interest.

I look forward to hearing from you about the above matters.

Sincerely,

John F. Wayne  
 Administrator of Racing  
 Delaware Thoroughbred Racing Commission  
 Delaware Harness Racing Commission  
 (302) 698-4599  
 (302) 697-4748 (fax)  
[john.wayne@state.de.us](mailto:john.wayne@state.de.us)

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----- Original Message -----

**From:** Wayne John (DDA)  
**To:** Asatryan, Gevork  
**Cc:** King, Penny ; Fasy, William ; Albert Fiss ; threecerubs@aol.com ; mccarthy racing1@aol.com ; derbydog1@cox.net ; estegemeier@delimporters.com ; Murphy Patricia D. (DOJ) ; Perkins Shelley (DDA) ; Price JoAnn (DDA)  
**Sent:** Thursday, August 18, 2005 11:04 PM  
**Subject:** Message received that this evening, 19 August 2005 from Ms. Penny King

Dear Gevork,

I received a telephone message from Ms. King this evening rather late. From what I heard on the voice mail, she spoke with you today and was not assured that she would be able to secure medical coverage that she has been seeking for the past year. She related further on my voice mail that you told her that "the Guild was still unpaid by the Delaware Commission." This is in conflict with what I was told by Chairman Daney two days prior. He indicated that the Guild was paid \$157 K out of the BB&T trust fund account as of July 6, 2005. That amount should have made us current.

Let me clarify further that I have sent you two previous electronic correspondences that have remained unanswered. I would like to know the status of obtaining the signatures from the Directors to facilitate the return of the remaining monies to the Delaware Thoroughbred Racing Commission in care of the Delaware Department of Agriculture. Surely that action

which was promised at our last DJH&WBB meeting on July 21, 2005 in which letters were to be sent to the Directors by July 29, 2005 have been answered with their signatures authorizing transfer of the remaining funds.

As I indicated in a telephone call to you, we are anxious to move forward.

Furthermore, I do not know why the Guild is choosing to ban the King family from participating in the plan offered to all riders that have made the 50 minimum mount requirement in Delaware. Ms. King has previously advised me that she has provided the physical examination materials that the Guild required and has completed her paper work as requested. Can you tell me why they are not being covered?

I truly believe that the Delaware Thoroughbred Racing Commission is deserving of an answer to the questions that I have posed to you post haste.

Sincerely,

John F. Wayne  
 Administrator of Racing  
 Delaware Thoroughbred Racing Commission  
 Delaware Harness Racing Commission  
 (302) 698-4599  
 (302) 697-4748 (fax)  
[john.wayne@state.de.us](mailto:john.wayne@state.de.us)

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----- Original Message -----

**From:** Geoff Asafghan  
**To:** 'Wayne John (DDA)';  
**Cc:** 'King, Penny'; 'Fasy,William'; 'Albert Fiss'; [hreecerubs@aol.com](mailto:hreecerubs@aol.com); [mccarthy racing1@aol.com](mailto:mccarthy racing1@aol.com); [derbydog1@cox.net](mailto:derbydog1@cox.net); [estesgemeier@delimporters.com](mailto:estesgemeier@delimporters.com); 'Murphy Patricia D. (DOJ)'; 'Perkins Shelley (DDA)'; 'Price JoAnn (DDA)';  
**Sent:** Friday, August 19, 2005 4:31 PM  
**Subject:** RE: Message received that this evening, 19 August 2005 from Ms. Penny King

Dear John,

We are both aware that the Guild has been reimbursed for all of 2004, which includes the last payment of \$157,386. That is exactly what I have told Ms. King. I also mentioned to her several times that DTRC still has not signed an agreement with the Guild to continue the Delaware Plan and has indicated that they do not want to renew their contract with the Jockeys' Guild Health Plan. In light of their position it would not be prudent to accept non-Guild members to the plan. While I understand that this is a hardship to the King family, it cannot be avoided. Mrs. King is under the impression (and I have assured her otherwise multiple times) that her family is being singled out by the Guild.

You stated in your e-mail, "Furthermore, I do not know why the Guild is choosing to ban the King family from participating in the plan offered to all riders that have made the 50 minimum mount requirement in Delaware."

This is an inflammatory and accusatory statement indicating that the Guild is deliberately "banning" the King family from participating in the Delaware Plan. Actually, during our meeting in 24 February 2005, we made it very clear to all individuals present (in person or via telephone) that due to the lack of a new agreement, Guild will temporarily stop enrolling new participants into the plan. During that same meeting we received multiple comments, suggestions, and demands from the members of the DJHWBB to reinstate the King family back into the plan. It was those statements made by DJHWBB that singled out the King family. We were being asked to make exceptions by members of DJHWBB. So, please refrain from making such inflammatory comments without considering all the facts.

During our last conversation I mentioned to you that a resolution was being prepared and sent out to members of the Committee for signatures. I also remember specifically mentioning to you that these members are active jockeys and they travel around therefore it would take some time before we have all the signatures back in our office. We received the last signature on the 17<sup>th</sup> of this month and will forward them to Kathy LaPlant at BB&T this afternoon. It is important to be mindful of the fact that the Guild is under no obligation to transfer the funds to DTRC, because SB #338 does not mention

anything about funds deposited into the Jockeys' Guild Health and Welfare Fund Trust in the past. But, we have decided to agree with DTRC and its legal counsel Ms. Patricia Murphy, to act in good faith and transfer these funds to DTRC regardless. It is also important to note that as per the Trust agreement with BB&T, which was forwarded to DTRC by Ms. LaPlant, the recipient of the monies in the Trust fund must be a trust account as well. During one of her past conversations with Ms. Murphy, Ms. LaPlant was told that SB #338 supersedes provisions of the Trust Agreement and therefore it is not required for the new custodian of funds be a trust account. But, once again we chose to act in good faith, not pursue that issue any further and transfer the funds to DTRC.

It is true that we have asked Mrs. King to prepare all the necessary documents, as would be required by all health insurance providers, should the Guild be in position to enroll them into the plan. The first and foremost stipulation has been the fact that the Guild, to this day, has not received a response from DTRC regarding the new agreement, which was submitted to you on 6 June 2005.

Upon forwarding the authorized signatures to Ms. LaPlant at BB&B, the Guild will have completed all requests made by DTRC. The fact remains that DTRC still maintains its position of not signing an agreement to assure the Delaware Jockeys of subsidies allocated to them by the government.

At this point we respectfully request that DTRC provide to the Guild, in writing, whether or not DTRC intends to sign a new agreement with the Guild by 1 September 2005.

Best regards,

**Gevork G. Asatryan**  
**Controller & CFO**  
**Jockeys' Guild, Inc.**

Tel: 626-305-5605  
Fax: 626-305-5615

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Tab 85

Thanks  
Ed King

Original Message ----

**From:** EDWIN L. KING  
**To:** Albert Fiss/JG ; Abad Cabassa ; CA/Laffit Pincay Jr. ; 'Casey Lambert/JG/BOD' ; Dave Shepherd ; Early S. Fires ; Gevork Asatryan ; John Velazquez ; Johney Court ; Kent "MO" Desormeaux ; Larry Reynolds ; L Wayne Gertmenian/JG ; 'Ray Sibille/JG/BOD' ; Robbie & Margaret Davis ; TOMMY SWAN ; ront@nbnet.nb.ca ; pa555  
**Sent:** Thursday, October 28, 2004 8:23 AM

Albert,

Last week we talked at the Meadowlands , you assured me you would not lie to me. I keep hearing 250,000.00 was taken from the Disabled Fund, the bank statement says Riders Media Account. I guess I am blind I can not find the withdrawal from the Disabled account.

Now I here the rumor that you are saying I gave financial information to the press. That could not be any farther from the truth than we are from the moon. Please tell it is only a rumor. If you are saying this please contact the people you said it to and correct it.

By now you know I did not resign from the Board and Senate. I can not believe that the management and guild employees could resort to harassment. Calling me was one thing but calling my wife when they know very well I was riding is below anything I could imagine. The Guild should be ashamed of resorting to these tactics.

Edwin L. King

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Tab 86

**Eddie King**  
113 Ramblewood Parkway  
Mt. Laurel, NJ 08054  
Home: 856-866-3528  
Cell: 609-332-9507  
e-mail: e.p.king@comcast.net

January 10, 2005

**RE: MEMBERSHIP INTO DELAWARE JOCKEYS HEALTH AND WELFARE FUND WITHHELD**

Edward J Stegemeier  
Chairman, Delaware Jockeys Health and Welfare Fund  
Commissioner, Delaware Thoroughbred Racing Commission

Dear. Mr. Stegemeier,

I am writing in regards to concerns I have about the Guild's handling of my insurance through the Delaware program. I had been under the program during the 2002 – 2003 season, as of January 1<sup>st</sup> 2004, I was no longer eligible for this program because of insufficient mounts. Due to cost concerns I dropped the insurance and we were covered through my wife's employment.

During the 2004 racing season I rode enough horses to again become eligible for the program. On or around November 3<sup>rd</sup> I rode my 50<sup>th</sup> horse completing eligibility requirements. During the last week of Delaware racing I notified the Guild office and spoke to Eric South that I would like to start receiving the insurance again from the Delaware fund. At that time he faxed all the required forms to my home, which I immediately completed and returned to the guilds office. Mr. South advised me that if all the documentation was in place, this policy would take effect December 1<sup>st</sup> 2004.

I again spoke with Eric South in early December at the Guild's Annual Assembly in Texas, to see what the status with my insurance was and he stated everything was in place. Around the 20<sup>th</sup> of December I contacted Larry Saumell, the guild representative, and asked if he would check into this for me because I had not received any information that this policy was in effect. On approximately December 29<sup>th</sup> my wife and I spoke with Larry Saumell on separate calls, at this time he advised us it was under review and I needed to speak with Albert Fiss. I called the Guild office that exact day and spoke with Eric South who also informed me it was under review and I needed to speak with Albert Fiss. I left a message on Albert's cell phone that I needed to speak with him regarding my insurance. I did not receive a return phone call. On January 3<sup>rd</sup> I spoke with Earlie Fires about this matter and he advised that because of my pending lawsuits with the Jockeys Guild, Mr. Fires refused to talk to me. I would appreciate any guidance you can give me to get this issue resolved

My issues with the guild started over a year and half ago with questions regarding the Disabled Rider's Fund, including why there was disbursements to temporary disabled riders who were members of the Delaware and California state health and welfare funds. I would encourage you, as chairman of the Delaware Jockey Health and Welfare Fund, to look further into the matter that the Fund was double billed.

I appreciate you taking the time to read and respond to this letter.

Sincerely,

Edwin L. King





B. Defendant objects to the Interrogatories to the extent they seek to impose discovery obligations upon defendant that are broader than, or inconsistent with, those set forth in the New Jersey Rules of Court or other applicable law.

C. Defendant objects to the Interrogatories to the extent they call for the production of information or documents that are publicly available, that could be obtained from plaintiffs' or their counsel's files, or that are available from a source other than defendant in a less burdensome or more efficient manner.

D. No objection or limitation, or lack thereof, made in these responses and objections shall be deemed an admission by defendant as to the existence or nonexistence of information.

E. Defendant's objections and/or responses to the Interrogatories shall not be construed as an admission of the relevance, materiality, or admissibility of any such documents or of the subject matter of any such documents, or as a waiver or abridgement of any applicable privilege or of any applicable objection set forth above or below, or as an agreement that similar Interrogatories will be treated in a similar manner. Moreover, the fact that defendant responds to a particular interrogatory shall not be interpreted as implying that defendant acknowledges the propriety of the Interrogatories. Accordingly, defendant submits these objections and responses without conceding the competency, relevancy, materiality or admissibility of the subject matter of any information requested by plaintiff and defendant reserves the right, without limitation:

- (a) to supplement, amend or correct all or any part of its objections or eventual responses; and
- (b) to object to the admissibility in evidence of any information provided in response to the Interrogatories.

F. Defendant objects to the Interrogatories to the extent that the "Definitions and Instructions" and individual requests set forth therein attempt to expand and impose upon defendant greater burdens than permitted or required by the New Jersey Rules of Court or other applicable law, or seek to solicit information that defendant is not readily able to gather or retrieve in the ordinary course of its business operations.

G. Defendant objects to the Interrogatories because the scope of the Interrogatories extend far beyond the limited scope of this matter, which solely involves plaintiffs' entitlement to inspect defendant's records under the Labor Management Reporting and Disclosure Act (the "LMRDA") and the scope of the inspection to be allowed, if any. While defendant will make a good faith effort to respond to the Interrogatories, the Interrogatories are unrelated to the issues to be decided under the LMRDA and defendant specifically reserves its right to object to the Interrogatories on this ground. In addition, defendant objects to the Interrogatories to the extent that plaintiffs have used the Interrogatories to actually conduct the inspection under the LMRDA that they are seeking in their complaint.

## **II. RESPONSES TO INTERROGATORIES**

1. List the full name and full mailing address of each individual who assisted in answering these Interrogatories in whole or in part.

**RESPONSE:** Wayne L. Gertmenian, Ph.D.

2. List the names and titles of, and describe the respective responsibilities of, every individual employed by the Guild from January 1, 1999 through the date that these Interrogatories are answered ("applicable time period"). For each individual named, provide the annual compensation, including salaries and bonuses that they received from the Guild.

**RESPONSE:** Objection. The question is improper. This interrogatory is overbroad, unduly burdensome and not calculated to lead to the discovery of relevant or admissible evidence. In addition, the subject matter of the interrogatory is completely unrelated to the limited scope of this matter under the LMRDA and defendant further objects to the scope of this discovery.

3. List the names and titles, and describe the respective responsibilities of, every individual employed by the business entity commonly known as Matrix Capital Associates ("Matrix") during the applicable time period. For each individual named, provide the annual compensation, including salaries and bonuses that they received from the Guild.

**RESPONSE:** Objection. The question is improper. This interrogatory is overbroad, unduly burdensome and not calculated to lead to the discovery of relevant or admissible evidence. In addition, the subject matter of the interrogatory is completely unrelated to the limited scope of this matter under the LMRDA and defendant further objects to the scope of this discovery.

4. List the names and titles, and describe the respective responsibilities of, every individual who has volunteered at the Guild during the applicable time period. For each individual named, specify whether the Guild has provided any form of compensation to that individual.

**RESPONSE:** Objection. The question is improper. This interrogatory is overbroad, unduly burdensome and not calculated to lead to the discovery of relevant or admissible evidence. In addition, the subject matter of the interrogatory is completely unrelated to the limited scope of this matter under the LMRDA and defendant further objects to the scope of this discovery.

5. Describe, in as great and complete detail as is possible, the business relationship between the Guild and Matrix. Include in this description, but do not limit this description to, the

specific services provided to the Guild by Matrix and the role of Matrix in the Guild's daily operations.

**RESPONSE:** The business relationship between defendant and Matrix is set forth in the terms and conditions of a Consulting Agreement that exists between defendant and Matrix. A copy of the agreement will be produced from which the answer to this interrogatory may be derived.

6. List the name and title of each individual who was involved in any way in the decision to allow the policy of insurance referenced in ¶¶ 31 and 46 of the plaintiffs' Second Amended Complaint, among other paragraphs, to lapse in 2002.

**RESPONSE:** The decision was made by defendant's board of directors.

7. When, how, and through what method or methods were members of the Guild notified that the policy of insurance referenced in ¶¶ 31 and 46 of the plaintiffs' Second Amended Complaint, among other paragraphs, had lapsed?

**RESPONSE:** After reasonable investigation, defendant is not aware of how members of defendant were notified.

8. Why, how, and under what authority did the Guild terminate its Disabled Jockey's Endowment?

**RESPONSE:** The Disabled Jockey's Endowment has not been terminated.

9. Describe any plan L. Wayne Gertmenian, Ph.D. ("Dr. Gertmenian"), the Guild, or Matrix had during the applicable time period to divest one million dollars (\$1,000,000.00), or any other sum, from the Disabled Jockeys' Fund ("Fund").

**RESPONSE:** Objection. The question is improper. This interrogatory is vague or ambiguous and defendant is not capable of responding. In addition, the subject matter of the interrogatory is completely unrelated to the limited scope of this matter under the LMRDA and defendant further

JUL-22-2005 15:22 STOCKEY'S BUILD. INC. 6263855885 P.02/02  
9100 (FNU) 6.26 US 11:00:01.11 J (AM) 408290110 1 20

VERIFICATION

I, Wayne Germaine, Ph. D., declare under the penalty of perjury, as the Chief Executive Officer Defendant, The Jockey's Guild, Inc., that the foregoing answers to interrogatories are true and correct to the best of my knowledge, information and belief.

Dated: July 20, 2005

  
Wayne Germaine, Ph.D.

**Matheson, Clayton**

---

**From:** Robert Colton [robertecolton@hotmail.com]  
**Sent:** Monday, October 03, 2005 5:50 PM  
**To:** Robert Colton  
**Subject:** House panel won't get all it wants, Jockeys' Guild attorney says

**House panel won't get all it wants, Jockeys' Guild attorney says**

Published October 03, 2005 : Page 14

**An attorney for the Jockeys' Guild said he won't produce all the documents that were subpoenaed by the U.S. House of Representatives. Some of the documents don't exist, said Lloyd Ownbey, and others fall under attorney-client privilege. The deadline for turning over the documents is today.**

**"They may have to go to federal court and get a court to say the jockeys are in contempt of Congress," Ownbey said.**

**The House Energy and Commerce Committee's Subcommittee on Oversight and Investigations issued subpoenas Sept. 20 for documents that the guild, a labor organization that represents about 1,200 jockeys nationwide, had failed to supply to the subcommittee in response to two prior written requests.**

**Jockey Gary Birzer found that he was not covered for \$800,000 in medical bills.**

Jeff Miles, spokesman for Rep. Ed Whitfield, R-Ky., who is chairman of the subcommittee investigating the Jockeys' Guild, would not comment on what would happen if the guild fails to produce the documents. "We will cross that bridge when we come to it," he said.

Among the documents listed in the subpoena were records relating to a decision by the guild to allow the lapse of a \$1 million insurance policy that had covered jockeys for racetrack accidents.

Many jockeys became aware that the policy had expired only after Gary Birzer, a West Virginia jockey, was paralyzed in an accident last year and discovered that he was not covered for more than \$800,000 in medical bills.

Additionally, the House issued a subpoena to Matrix Capital Associates, a firm owned by guild CEO Wayne Gertmenian, requiring production of tax returns reflecting payments to Matrix by the guild.

Ownbey said the tax returns may be covered by attorney-client privilege. "That is another thing we have to determine," he said.

Ownbey said he would turn over some documents in response to the subpoena, but he would not identify which ones. He also would not identify which documents he believes are privileged or say which ones do not exist.

10/17/2005

Ownbey has been critical of the congressional investigation, calling it a "witch hunt" and saying that it should be directed at horse-racing tracks. Rather than providing the documents the subcommittee requested in its second letter to the guild, Ownbey sent a lengthy letter criticizing the investigation.

Rep. Bart Stupak, D-Mich., the ranking Democrat on the subcommittee, said in a statement that Ownbey's comments about the congressional investigator were "unsupported and incorrect."

Ownbey's letter "is a prime example of challenging the integrity of an investigation when faced with the production of possibly incriminating documents," Stupak said.

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## Lawyer calls probe 'witch hunt'

Print This Story  
By LIZ MULLEN

### Staff writer

Published August 29, 2005 : Page 06

**An attorney for the Jockeys' Guild, facing a deadline to produce documents in a congressional investigation into the lack of insurance coverage for many jockeys, called the probe a witch hunt and questioned the relationship between the congressman spearheading the inquiry and track operator Churchill Downs Inc.**

**Churchill Downs and a spokesman for Rep. Ed Whitfield strongly denied suggestions by attorney Lloyd Ownbey, who faces a deadline this week to give Jockeys' Guild papers to Congress.**

"We think they are being funded in this little operation by a certain track that has litigation against us by the name of Churchill Downs," guild legal counsel Lloyd Ownbey said of the House Subcommittee on Oversight and Investigation.

Ownbey said he was not suggesting that Churchill Downs officials and Rep. Ed Whitfield, R-Ky., who is overseeing the inquiry as chairman of the subcommittee, were engaging in a "quid pro quo." But Ownbey added, "I would be surprised if he doesn't get benefits from Churchill Downs."

Jeff Miles, spokesman for Whitfield, said Ownbey's comments were "absolutely absurd." Churchill Downs spokeswoman Julie Koenig-Loignon called the implication ludicrous.

In a letter sent this month, Whitfield and Rep. Bart Stupak, D-Mich., asked the guild to provide numerous documents by Wednesday or face the possibility of having the information subpoenaed.

Ownbey said he would try to answer the letter's questions by this week's deadline, but added, "Whether I can answer them to the satisfaction of the congressman, I don't know. The questions are asking for the moon."

The guild has been under fire since last year when many jockeys learned that the organization's \$1 million insurance policy, which jockeys thought covered them for racetrack accidents, had expired two years earlier. Many jockeys found out they were not covered only after Gary Birzer, a West Virginia jockey who was paralyzed last year, discovered that he was without insurance to pay for his nearly \$800,000 in medical bills.

Jockeys' Guild employees have given contradictory answers about how the guild's roughly 1,200 members were notified that the insurance had expired.



Guild employees told congressional investigators that jockeys "were given formal written notice" that the policy would not be renewed, according to Whitfield and Stupak's letter to the guild.

But guild CEO Wayne Gertmenian stated in court documents, "After reasonable investigation [the guild] is not aware of how members [of the guild] were notified."

Asked which answer was true, Ownbey backed Gertmenian's statement. "If that is what he stated in an interrogatory, that is what must have happened, because he is a truthful man," Ownbey said.

Ownbey also maintained that the guild's board of directors in 2002 decided to allow the accident coverage to lapse. That contradicts six guild board members who told SportsBusiness Journal they have no recollection of ever making such a decision.

The House panel, a subcommittee of the Energy and Commerce Committee, has asked for minutes or documents related to any meeting in which the Jockeys' Guild board made a decision to allow the insurance to lapse.

"I have not laid my eyes on any documents dealing with that decision," Ownbey said, then added later, "I haven't made a purposeful effort to lay eyes on them."

A Churchill Downs political action committee made five contributions totaling \$3,750 to Whitfield's political campaigns between April 1998 and February 2004, according to the Federal Elections Commission. During that same time period the Churchill Downs PAC gave more than \$50,000 to a variety of political candidates and political action committees, according to federal elections records.

"Through our political action committee, we do contribute to campaigns, but we contribute to a number of candidates in the state of Kentucky," said Churchill spokeswoman Koenig-Loignon. "But back to the claim [Ownbey] raised about financing this investigation, our response is that is absolutely ludicrous. We will be more than happy to cooperate with [Whitfield's] committee and the questions that are put to us, but that is the extent of our involvement."

Whitfield spokesman Miles said, "This is a bipartisan effort, this investigation. The investigation is looking after the welfare of the jockeys and the backside workers as Congressman Whitfield is looking for a solution to this problem. After hearing Mr. Ownbey's comments, it appears that he is not interested in looking for a solution."

Tab 90

**Matheson, Clayton**

**From:** Robert Colton [robertcolton@hotmail.com]  
**Sent:** Monday, August 08, 2005 1:11 PM  
**To:** Gary Donahue; Feddo, Tom; Matheson, Clayton  
**Subject:** Re: Jockeys' Guild - Sports Business Journal article Aug 8, 2005

**Guild CEO: Board dropped coverage**

Print This Story  
 By LIZ MULLEN  
 Staff writer

Published August 08, 2005 : Page 05

**The CEO of the Jockeys' Guild stated in a legal document that he was "not aware" of how the roughly 1,200 jockeys in the Guild were notified that their insurance coverage for catastrophic racetrack accidents had expired.**

**Guild CEO Wayne Gertmenian also stated under oath that it was the organization's nine-member board of directors that decided in 2002 to discontinue the policy, which provided \$1 million of coverage.**

Following a racing accident, jockey Gary Birzer found out he had no insurance coverage. But six of those jockey board members disputed Gertmenian's contention, saying they do not remember voting, or even discussing, a decision to cancel the policy. "I can guarantee there is not one person on the board who would have allowed that," said Robbie Davis, a retired jockey who was a board member in late 2001 and early 2002.

Hall of Fame retired jockey Chris McCarron, also a board member at that time, said last week, "I do not recall it even being put to the board for a vote."

Gertmenian and his attorney did not return phone calls. Attempts to reach the three other jockeys who were board members at the time — Kent Desormeaux, Toney Jean Swan and Nicky Wilson — were unsuccessful.

Many jockeys told SportsBusiness Journal last year that they thought they were covered for \$1 million, and only found out differently after jockey Gary Birzer was paralyzed in a July 2004 racing accident at Mountaineer Park in West Virginia.

"This tragic accident has left Gary Birzer in a desperate situation, with steadily mounting medical bills that approach \$800,000 and no insurance coverage," said Paul Koczkur, Birzer's attorney, in a statement. "If he had been properly notified that the Guild had decided to stop protecting its membership in this crucial way, then Gary would have purchased such insurance on his own."

Koczkur added that Gertmenian's lack of awareness of how members were notified that the insurance had lapsed "gives tremendous credence to all those jockeys who maintain that no such notice was ever given."

Gertmenian gave the answers to legal questions, called interrogatories, as part of a lawsuit brought against the Guild by Eddie King, a New Jersey jockey who was removed from the Guild's board of directors after he publicly expressed concerns about the organization.

Alan Milstein, King's attorney, commenting on Gertmenian's responses, said, "Considering that the whole reason for the Guild's existence was to provide these kinds of benefits to its members, it strains credulity that no one from the Guild has a recollection about this important issue."

10/13/2005

The Jockeys' Guild was formed in about 1940 to provide benefits to jockeys injured on the track or to the families of riders killed on the racetrack. "When a jockey got hurt, before we had any coverage, the way they were taken care of was they passed the hat," said John Giovanni, who was the Guild's national manager from 1987 until he was replaced by Gertmenian in 2001.

The Guild started covering its members for on-track accidents in the 1950s. Jockeys had \$1 million of coverage, through various policies, from the mid-1980s until April 1, 2002, when the last policy was allowed to lapse, Giovanni said.

Most racetracks in North America provide up to \$100,000 of coverage, but jockeys who suffer severe spinal and head injuries quickly run through that. Five states — including California and New York — cover jockeys for racetrack accidents through workers' compensation plans.

Since the lack of adequate coverage was discovered, Kentucky Gov. Ernie Fletcher has convened a panel to study providing workers' compensation in that state. Additionally, some tracks, including six owned by Churchill Downs Inc., have secured \$1 million worth of coverage. But there are still hundreds of jockeys with just \$100,000 of coverage, including Shannon Campbell, who was paralyzed in an accident at Charles Town Races in West Virginia last month.

Meanwhile, five jockeys or former jockeys who were board members when the insurance lapsed, including McCarron, Davis, Larry Reynolds, Ray Sibille and Mike McCarthy, said last week they do not remember being involved in that decision. Former board member Robert Colton would not comment last week but told SportsBusiness Journal last year that he was not involved in the decision to allow the insurance to lapse.

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## Jockeys aim for state fund run by Guild

Print This Story

By LIZ MULLEN

Staff writer

Published January 31, 2005 : Page 01

A group of California racehorse jockeys, worried about controversy surrounding the management of the national Jockeys' Guild, have formed their own organization in an attempt to take over management of a state fund that pays about \$1 million a year for benefits for jockeys.

Veteran Northern California jockey Ron Warren Jr. filed papers last week with the California Secretary of State's office to form a nonprofit corporation called the California Jockeys Guild. Attempts to reach Warren were unsuccessful.

Paul Atkinson, a Southern California jockey who is involved with the effort, said the state guild is being set up to "secure" the health benefits of California jockeys.

There are 332 jockeys licensed to race in California, but only about 100 of them ride regularly in the state and qualify for state health and welfare benefits. The founding of the California Jockeys Guild is a response to recent events surrounding the national labor organization, which represents about 1,200 jockeys.

"I am concerned myself, and I would say that others are concerned, with the behavior of the national Jockeys' Guild board of directors and the current management," Atkinson said. He wouldn't be more specific about those concerns other than to point to numerous news "events" surrounding the Guild in the last few months. He also stressed that the new guild won't try to get jockeys to resign from the national Jockeys' Guild, but instead will encourage membership in both organizations.

A spokesman for the national Jockeys' Guild declined to comment.

The Jockeys' Guild came under fire last fall when jockeys discovered that the organization had canceled insurance that covered them for catastrophic racing accidents without officially informing them. Since then, a major racetrack trade organization and Churchill Downs have called for an

accounting of the Guild's books, and more than 100 jockeys signed a petition for an audit of the Guild.

The Guild also expelled its former treasurer and removed a paralyzed former jockey from his position as co-chair of a Guild charity after they sued the organization for an accounting of its books.

The California Horse Racing Board has formed a committee to look into allegations surrounding the Guild, including whether it double-billed the state and the charity, the Disabled Jockeys' Fund, for the same expenses. The board has asked the Guild for numerous documents, including a complete accounting of money paid out of a special state fund set up by the California legislature in 1997 to be used for health and welfare benefits for California jockeys.

Racing Board member Richard Shapiro, who is spearheading the committee investigating the Guild, said in a statement that he received a letter from California jockeys about their intention to form a guild, but had no further comment.

Atkinson, who is one of the jockeys appointed to the racing board committee that is requesting information from the Guild, said that if a majority of the California jockeys join the California Jockeys Guild, the law would authorize that the state money, which comes from uncashed bets on California races, would go to the new organization.

Atkinson wouldn't provide a lot of details about the new guild, including how many jockeys were involved in forming it or how long it was in the planning stages. California jockeys did not sign the petition asking for an audit of the Guild, but there has been a growing rift between the California jockeys and the national labor organization, which is based in Monrovia, Calif.

In fact, Atkinson said, after being stilled in their attempts to find out more about health benefits from the Jockeys' Guild, about a year ago a group of jockeys formed the California Health and Welfare Committee to gain some control over their health care needs.

At its annual meeting in Dallas in December, the Jockeys' Guild didn't re-elect Hall of Fame jockey Kent Desormeaux, who is based in Southern California, to the board of directors, meaning that for the first time in many years there is no California jockey on the Guild's nine-member board.

**Tape: Churchill jockey walkout 'no accident'**

In audio of meeting, Jockeys' Guild president says Sellers was coached before he was cuffed and ejected

Print This Story  
By LIZ MULLEN  
Staff writer

Published January 17, 2005 : Page 03

**Editor's note:** This story is revised from the print edition.

The Jockeys' Guild and its lawyers coached jockeys who walked out at Churchill Downs late last year in a dispute over insurance coverage, and orchestrated a much-publicized incident in which a top rider was escorted off the track in handcuffs, according to an audiotape of a Guild meeting.

Guild President Wayne Gertmenian told about 30 jockeys on a Nov. 7 conference call that the Guild had scored a public relations coup in its "war" with Churchill Downs when popular Kentucky jockey Shane Sellers was led from the track "in chains."

"The biggest mistake that has been made so far by the other side happened today," Gertmenian said on the tape, a copy of which was obtained by SportsBusiness Journal. "And that was no accident. Hours and hours were spent with lawyers getting Shane prepared for that mistake today. And that was huge for us."

Sellers last week disputed that he spent hours with the Guild preparing for the incident. Sellers said he did call Gertmenian on Nov. 7 as Churchill security officers were threatening to handcuff him. "I said, 'They are going to arrest me,'" said Sellers. "He said, 'Well, then, let them arrest you.'"

Sellers said, however, that other jockeys who refused to ride did talk to Gertmenian days in advance.

On the Guild meeting tape, Gertmenian said that some of the jockeys who ended up boycotting Churchill, including Mark Guidry, Robby Albarado and Jeff Johnston, "spent time with me and the lawyers and [Guild vice president] Albert [Fiss]" before taking action.

Gertmenian and Guidry's agent did not return a phone call for this story.

Johnston denied that he spoke to Guild management and lawyers before he decided to walk out at Churchill, and said he did not know why Gertmenian had said otherwise.

Albarado wouldn't comment beyond saying, "I don't know the legality of that and I have put that whole Churchill thing behind me."

The Guild publicly expressed support for the walkout at Churchill last year but has not taken responsibility for it. Although jockeys' employment status is not completely clear, many view them as independent contractors, and independent contractors are prohibited from engaging in strikes under anti-trust laws.

Bob Batterman, outside labor counsel for the NHL, said that Churchill Downs could potentially sue the jockeys.

Sellers said that jockeys called Gertmenian for fear of legal action. "None of us has got any education, and the reason why [the jockeys] called is they didn't want to be sued," Sellers said. "And [Gertmenian] said, 'Boys, this is a different situation. You are not striking. It's a health and safety issue.'"

The Guild has been under fire since jockeys discovered recently that it let its catastrophic on-track accident policy lapse in 2002 without officially informing the jockeys. The walkout at Churchill was based on jockeys protesting their lack of insurance, even though the Guild was responsible for canceling it.

Churchill Downs President Steve Sexton said he has not heard the tape of the meeting but has heard about it, as it has been circulating in racing circles in the last few weeks.

"It is unfortunate that it occurred," he said, "and, yes, we are offended and, yes, we are hurt by the fact the whole incident took place."

Sexton said he is aware the action raised legal issues, but he would not comment on the company's legal options.

The 15 jockeys who refused to ride at Churchill last November did not stop the races from being held, as the Louisville, Ky., track was able to find replacement riders. But the track did suffer a public relations black eye, because the treatment of Sellers was unpopular with fans and with many in the industry.

Gertmenian told jockeys on the conference call that Sellers' removal gave the Guild a great story to tell. Since then he has publicly compared Churchill Downs to "plantation owners" and jockeys to "slaves."

**California panel to examine Guild**

by LIZ MULLEN

Staff writer

Published Dec. 27, 2004 in SportsBusiness Journal

A member of the California Horse Racing Board is forming a fact-finding committee to look into the activities of the Jockeys' Guild, in particular focusing on why many jockeys were not aware that the Guild had canceled their catastrophic accident insurance.

Racing Board member Richard Shapiro said the committee of jockeys and other horse racing industry executives will begin meeting early next year to address financial and insurance questions surrounding the Monrovia, Calif.-based Guild, which represents 1,200 jockeys nationwide.

"Until those questions are answered, I do not believe we should provide [the Guild] with any more money," Shapiro said. "I have to make sure our jockeys and their families are getting the coverage that they deserve and are entitled to."

California has a special fund that provides about \$1 million a year to the Guild for health and welfare benefits for California jockeys. The fund is administered by the California Horse Racing Board.

The Guild has come under scrutiny since many jockeys learned just a few months ago that it canceled an insurance policy two years ago that would have covered jockeys for up to \$1 million for racetrack accidents. California is one of five states that provide workers' compensation insurance that covers such accidents, but California jockeys routinely ride stakes races in other states where they are covered only up to \$100,000. A West Virginia jockey paralyzed in a racetrack accident in July discovered that he is not covered for about \$500,000 in medical bills.

"How can there be a policy canceled and the jockeys are not aware of it?" Shapiro said.

Shapiro questioned Guild Vice President Albert Fiss about financial and insurance issues at a racing board meeting earlier this month but said he was not satisfied with the answers. Shapiro noted that Guild President Wayne Gertmenian has not answered questions from the press or complied with calls from racetracks and jockeys for an audit or accounting.

"If [Gertmenian] was forthcoming and said, 'Let us open our doors and books and let's answer questions,'" the situation could be resolved, Shapiro said.

Shapiro said that he has named to the committee hall of fame retired jockey Chris McCarron, who brought Gertmenian into the Guild but no longer speaks to him; and hall of fame jockey Kent Desormeaux, who was recently voted off the Guild's board after publicly expressing concern about the organization.



**Jockeys' Guild puts the boot to critics**

By LIZ MULLEN  
Staff writer

12/13/04

The Jockeys' Guild discussed its "war plans" at its annual meeting in Dallas last week and took steps to remove jockeys and others who have publicly questioned the organization's management.

The Guild has been under fire since jockeys learned recently that the organization canceled their insurance for catastrophic racetrack injuries two years ago. The Guild, which represents about 1,200 jockeys nationwide, has refused calls by its members and by Churchill Downs Inc. for an independent financial accounting.

Hall of Fame jockey Kent Desormeaux, a Jockeys' Guild board member who has publicly said he would investigate the growing complaints about the organization, was originally left off the ballot for re-election to the Guild's governing body, sources said. After Desormeaux and other jockeys from California complained, a revote was taken and he was voted out.

Sources said that Desormeaux got into a heated argument with Jockeys' Guild President Wayne Gertmenian at 3 a.m. at the Dallas hotel where the meeting was held, after the jockey asked Gertmenian to present evidence to back up his résumé. A racing publication reported recently that there is little to no evidence that Gertmenian held the important government posts he claimed to during the Nixon and Ford administrations.

Desormeaux, reached after the meeting was over, would not comment, except to say, "I have been working diligently for the last couple of months on [investigating] all of these allegations, and quite frankly I am very happy I am not on the board so I can get back to paying attention to being a jockey."

Also at the annual meeting, the Guild's board voted Eddie King, its former treasurer who is suing the organization for an accounting of its finances, out of the Guild. King, who was voted off the board last month, was told during the meeting that he had been expelled from the organization entirely.

King's attorney, Alan Milstein, said the action, taken without advance notice to King and without his getting a chance to speak, violates federal labor laws protecting union members.

Reporters covering the meeting waited for two days for a comment from the Guild management. Guild officials announced the results of the election and that Gertmenian's contract had been extended until 2009, but they would not answer questions. The more than 100 jockeys at the meetings were told repeatedly by Guild staff not to speak to reporters covering the meeting.

An agenda for the Jockeys' Guild assembly stated that they held a session titled "Guild War Plans." It was not clear what was discussed at that meeting, but the Guild supported boycotts by jockeys at Churchill Downs in Kentucky and Hoosier Park in Indiana earlier this year.

The Guild has told members it is planning a lawsuit against racetracks over jockeys' media rights for races broadcast to other tracks and wagering sites. Sources said the Guild has been talking

about going to court to get an order to halt simulcasting, a multibillion-dollar business. Attorneys addressed the jockeys during the meeting.

"File for declaratory relief [or judgment]" and "File for a cease and desist order" were two items under the heading "The Jockeys' Guild War Plans" in a packet of information given to the jockeys.

**Jockey's Guild pushes members to sign over media rights; suit ahead?**

by LIZ MULLEN

Published Nov. 29, 2004 in SportsBusiness Journal



**LABOR &  
AGENTS**  
LIZ MULLEN

The Jockeys' Guild has been pressing its members to sign a contract that assigns their media rights to the labor organization in preparation for a lawsuit against racetracks that broadcast horse races by satellite, sources said.

The Guild, on its Web site, said that more than 1,100 of its 1,243 members have signed the media rights form, and also stated that it has engaged more than 30 volunteer attorneys.

Although Guild officials have had success getting rank-and-file jockeys to sign away their rights, they have had more difficulty with higher profile jockeys who ride in major stakes races and actually have some endorsement deals of their own. But some of those jockeys have felt compelled to sign the form in recent weeks to show solidarity with the Guild and with jockeys who have boycotted Churchill Downs in Kentucky and Hoosier Park in Indiana.

A group of Kentucky jockeys went to New York earlier this month to meet with some of the more famous riders who had not signed the form and convinced them to sign it, said sources who asked not to be identified.

Some lawyers who have read the form say it goes far beyond group licensing agreements that other major sports unions ask their members to sign.

The Jockeys' Guild agreement states, in part, "I hereby irrevocably assign to the Jockeys' Guild, Inc. ... all of my rights with respect to the commercial use of my name, portrait, picture, image, likeness, or personal items worn or carried by me, at a recognized track including, but not limited to, all broadcasts and other off-track presentations of races in which I have ridden at any time after April 29, 1973."

Peter Schaffer, a lawyer who represents 50 NFL players and is a certified NHL player agent, said the Jockeys' Guild contract "definitely goes beyond what every other union requires of their members in terms of licensing rights."

The major sports union agreements deal only with group licensing issues, Schaffer said. "They do not interfere with the individual's right to seek marketing and endorsement income on his own."

He added that he would advise his clients against signing such a document.

Guild President Wayne Gertmenian did not return a call seeking comment.

It is not clear if the Guild plans to file suit over media rights. There were rumors in the racing community that a lawsuit was imminent and that the Guild would seek a restraining order to halt all simulcasting of races around the country. Billions of dollars are bet each year by patrons who are off-track.

In the early 1990s, the Jockeys' Guild, under different management, did file a lawsuit in California seeking a determination that jockeys had media rights, but that suit was withdrawn before it went to trial.

"We withdrew it because we felt we couldn't win it," said John Giovanni, former manager of the Guild. "Basically, a judge told us we couldn't win the case, so we withdrew it, because the last thing we wanted was to be in a situation where the jockeys didn't have any claim to media rights."

Racetracks pay the Guild about \$2.2 million a year for media rights, although the tracks take the position that the jockeys do not have media rights, said Chris Scherf, executive vice president of the Thoroughbred Racing Associations. The TRA negotiated a contract with the Guild for the tracks to pay the money and the tracks still pay it, even though that contract expired at the end of 2002.

The Guild historically has used that money to pay for health insurance and catastrophic racetrack accident insurance for jockeys, Giovanni said. In fact, for many years up until the late 1980s that money was specifically designated for insurance for jockeys, but the TRA wanted that designation taken off the contract when insurance premiums began escalating, Giovanni said.

The horse racing industry is struggling to find a way to pay for catastrophic racetrack accident insurance. The Jockeys' Guild policy lapsed two years ago.

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## NTRA names ex-Guild leaders Bailey, Day to insurance panel

Print This Story

By LIZ MULLEN

Staff writer

Published November 22, 2004 : Page 11

The National Thoroughbred Racing Association named jockeys Jerry Bailey and Pat Day to a panel to address the crisis of jockeys racing without adequate medical insurance. Both are former presidents of the Jockeys' Guild who quit the organization because of disagreements with the labor group's management team, which has come under fire from many quarters for not taking care of its members' insurance needs.

The panel has 30 other members, including horse trainers, owners and racetrack executives. It will begin meeting today to address the issue of jockeys who are injured in racetrack accidents. Jockeys at Churchill Downs in Kentucky and Hoosier Park in Indiana refused to ride races over the issue and were banned at both tracks.

The panel's work "is not intended to be a negotiation," said Keith Chamblin, chairman of the group and NTRA senior vice president. "It is intended to be more of a fact-finding mission and an opportunity for frank discussion amongst all segments of the industry."

The Jockeys' Guild, which supports the banned riders at Churchill and reportedly was involved in the boycott at Hoosier Park, has one member representative, Darrell Haire, on the panel. Guild President Wayne Gertmenian, who has publicly stated that he doubts the panel will get anything done, was not invited, Chamblin said, although he added "there was not a conscious effort to avoid inviting [Gertmenian]."

"We are aware that both Pat Day and Jerry Bailey are no longer members of the Guild," Chamblin said. "However, the reason why both Pat and Jerry are participating on the panel is because both care a great deal about their fellow jockeys and have a keen concern about the

current situation, and it doesn't go further than that."

Jockeys are covered for only \$100,000 of medical expenses, except in New York, New Jersey, California, Idaho and Maryland, all of which offer workers' compensation to jockeys. The Guild had insurance that would have covered jockeys for more than \$1 million for racetrack accidents, but the current Guild management canceled that coverage, and many jockeys said they were never formally notified of the change.

Both Day and Bailey quit the Guild after Gertmenian took over and locked former Guild President John Giovanni out of the organization's offices.

Many jockeys only became aware of their lack of coverage when Gary Birzer, a West Virginia jockey who was paralyzed in July, discovered that he was covered for only \$100,000 of his more than \$500,000 in medical bills.

"This is absolutely an issue that the jockeys and the Jockeys' Guild should have delved into long before now," Bailey said last week. "A lot of times things go unnoticed until there is a catastrophe."

Bailey said, too, that he sympathizes with the jockeys who boycotted the tracks over the issue, "and I would be of the same accord if it weren't for the same [Jockeys' Guild] management in place."



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### Auditor raised 'red flag' over Guild's books

by LIZ MULLEN

Staff writer

Published Nov. 22, 2004 in SportsBusiness Journal

The auditing firm that looked at the Jockeys' Guild's 2001 financial statements wouldn't issue an opinion because it couldn't be sure the books were free of "material misstatement," according to a letter from auditors to the Guild's board of directors.

That's a position that isn't typical and could be fraught with meaning, said David Costello, CEO of the National Association of the State Boards of Accountancy.

"That puts everyone on alert that there could be something terribly wrong with this company or organization," he said. "It's a red flag."

Jockeys' Guild officials did not return numerous phone calls.

In the same letter, sent to the board in 2002, auditors said they could not be sure that money the Guild held in savings accounts for jockeys had been returned to the riders, as the Guild represented.

There has been a growing chorus of voices asking for a new, independent audit of the Guild after many jockeys recently discovered that the Guild had canceled a \$1 million catastrophic racetrack accident insurance policy for jockeys more than two years ago. About 28 jockeys boycotted two tracks earlier this month to protest their lack of insurance.

Last week, Eddie King, a jockey who was voted off the Guild's board after he went public with concerns that \$1 million may have been moved out of a Guild charity for permanently disabled riders, filed two lawsuits against the Guild, seeking reinstatement to the board and an accounting of its finances.

King's attorney, Alan Milstein, said King wants to know the circumstances surrounding the Guild's cancellation of the insurance policy, which the Guild had historically paid for out of money it received from tracks.

"If the Guild cannot afford the insurance it has bought in the past, why not?" Milstein asked.

King also wants to know why the balance of the Disabled Jockeys' Fund dropped precipitously from \$1.3 million in 2001 to \$441,000 in 2002. Guild President Wayne Gertmenian told King "that he wished to divest the fund of \$1 million to create the illusion that the fund was in financial trouble, thereby encouraging donations from wealthy benefactors," King alleges in his lawsuits, which were filed last week in both state and federal courts in New Jersey.

Gary Donahue, co-chairman of the Disabled Jockeys' Fund, who recently received financial statements for the charity for 2002 and 2003 after months of asking for the information, said the documents have raised some new questions, including why money from the fund was being spent on temporarily disabled riders when it has historically been spent only on permanently disabled jockeys. Donahue said he is concerned because the fund's balance at the end of 2003 was down to about \$105,000.

"The fund is strictly for permanently disabled riders," Donahue said, adding "my mission is solely to protect permanently disabled riders." He also said that \$530,752 was taken out of the fund in 2002 for "Guild reimbursements," but that he doesn't know what that means.

The current Guild management was put in place after a hostile takeover in June 2001 in which the old staff was fired and locked out of their offices without any notice. When Gertmenian's group took over, they could not get into the computer to see the financial records, according to numerous sources.

"When they realized they didn't know what the heck they were doing, they tried to hire my secretary back," said John Giovanni, the former Guild manager who was ousted in the takeover. But, he added, "none of the women [employees] would go back, and they tried every one of them."

Some of the problems noted in the 2001 audit were due to the disorderly transition, according to the auditor's report, but not all. For example, the auditor noted that there was "a \$40,789 difference that we could not reconcile" in the Guild's operating account. One reason for that, the auditor noted, was that checks that were issued after Dec. 31, 2001 — well after Giovanni was thrown out — were included as outstanding for 2001 when they should not have been.

Guild management has told some jockeys that an audit for 2002 was "clean," according to numerous sources.

Sources said that the 2003 financial statements are now being prepared.

Guild management has resisted suggestions by its members and others for an outside audit. Guild vice president Albert Fiss, asked about calls for an audit during an appearance last week on industry radio show [attheracesandbeyond.com](http://attheracesandbeyond.com), said, "There was an audit."



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### **Churchill jockey ban prompts NTRA action**

Panel will address insurance coverage issue in hopes that other horse tracks won't suffer walkouts

Print This Story  
By LIZ MULLEN  
Staff writer

Published November 15, 2004 : Page 05

Concern that jockeys could refuse to ride at racetracks across the country to protest their lack of insurance coverage was part of the reason the National Thoroughbred Racing Association formed a panel to address the issue, NTRA Commissioner D.G. Van Clief Jr. said last week.

Fifteen jockeys, including national victory leader Rafael Bejarano, last week were banned from Churchill Downs for the rest of the fall meet after they refused to ride horses because of the insurance issue.

"Could this happen at other tracks?" Van Clief said. "Certainly part of the reason to put together a working group would be to hopefully resolve what could be a fairly inflammatory situation."

**Van Clief**

Work stoppages in other sports haven't "done anything to engender affection from the fans, and it won't here," he said.

The NTRA tentatively set Nov. 22 for the first meeting of the industry panel. The members had not been named as of late last week.

Only five states — New York, California, New Jersey, Maryland and Idaho — have workers' compensation plans that cover jockeys. Nationwide, tracks provide jockeys with up to \$100,000 in medical coverage for racetrack accidents.

The Jockeys' Guild, which represents about 1,250 jockeys nationwide, historically paid for coverage above that \$100,000, but the coverage was canceled by the Guild in April 2002.

Although jockeys have been riding without the catastrophic coverage for more than two years, many of them have become aware only recently that they were not covered because of an accident involving a West Virginia jockey. Rider Gary Birzer was paralyzed after a racing accident

in July and cannot pay his more than \$500,000 in medical bills.

The Churchill Downs job action started after jockey Tony D'Amico cracked his ribs and punctured a lung after he fell from a horse at the track earlier this month. After jockeys refused to accept mounts for the Nov. 10 card, Churchill Downs banned them from the entire meet, which runs through Nov. 27.

It was not clear how the Jockeys' Guild was involved in this job action. Guild officials would not return phone calls, but they said in a statement that "the behavior of Churchill Downs Inc. is morally reprehensible."

Churchill Downs President Steve Sexton said he told jockeys to ask the Guild why they don't have coverage when tracks nationwide pay \$2.2 million to the Guild, money that was originally earmarked to pay for insurance.

"They need to ask the Guild why it was canceled and not communicated, and where that \$2.2 million went," Sexton said. Churchill Downs officials have already asked Guild officials "for an accounting of that \$2.2 million," he said.

The Churchill Downs action comes as some jockeys have been questioning the Guild and more than 100 signed a petition asking for an independent audit.

Last week, the Guild's senate voted 13-8 to remove jockey Eddie King from the board of directors after he went public with concerns that \$1 million was moved out of a Guild charity for permanently disabled riders.

Although some jockeys have been questioning the Guild, some last week expressed being torn between those concerns and a need for jockeys to be united.

Jockeys' legal rights and those of the Guild have never been very clear as there are arguments about who employs them. The U.S. Labor Department oversees the Jockeys' Guild, but it is not recognized as a union by the National Labor Relations Board.

Bill Gould, a Stanford Law School professor and former chairman of the NLRB, said that if the jockeys were recognized by the federal labor board, they could potentially file an unfair labor practices complaint against Churchill Downs for banning them.

Churchill Downs maintains the jockeys are not employees of the racetrack.

Remi Bellocq, executive director of the national Horsemen's Benevolent and Protective Association, said that in the states where jockeys are covered by workers' comp, jockeys are seen as employees of the horse trainers. In other states, they are viewed as independent contractors.

"The jockeys are asking the tracks that they be employees of the racetracks and feel the tracks should provide the coverage," Bellocq said. "The reality of it is a solution will probably come between all three parties sitting down."

The problem with that is that it is not clear that the Jockeys' Guild will join the NTRA discussion. Guild President Wayne Gertmenian told south Florida radio station WNN last week that he wanted to negotiate directly with Churchill's Sexton, and said if the industry tries to resolve the insurance situation as a group it will never get done.

Churchill spokeswoman Julie Koenig-Loignon said, "This is not a Churchill Downs issue. This is an industry issue."

**Jockeys circulate petition for Guild audit**

by LIZ MULLEN  
Staff writer  
Published Oct. 25, 2004 in SportsBusiness Journal

More than 100 jockeys at racetracks nationwide signed a petition last week calling for an independent audit of the Jockeys' Guild, as a growing number of riders expressed concerns about the finances of the organization and their lack of adequate insurance coverage while racing.

The Breeders' Cup and Lone Star Park last week were working on securing an insurance policy with coverage of at least \$500,000 for catastrophic accidents for jockeys riding during the championship day Saturday. The announcement came after Hall of Fame jockey Gary Stevens said he would not ride in any state — including Texas, where Lone Star is based — that did not completely cover jockeys for accidents on the racetrack.

Only New York, California, New Jersey, Maryland and Idaho have workers' compensation insurance that covers jockeys. All other tracks have coverage, but only up to \$100,000. "It certainly is an issue that had come to the forefront in the last couple of weeks, and everybody wanted to make sure the Breeders' Cup World Thoroughbred Championships was covered," said Breeders' Cup spokesman Chip Tuttle.

In jockeys' rooms across the country, riders have been raising questions about insurance and the Jockeys' Guild finances, since they learned that Gary Birzer, a West Virginia rider paralyzed in a July race, is covered only for \$100,000, while his medical bills have grown beyond \$500,000.

Some jockeys have stated that the Guild won't give them any financial information. One board member said he has been trying for more than a year to find out whether \$1 million was moved out of the Disabled Jockeys Fund, a Guild-run charity.

"They have been keeping everyone in the dark for a long time," said Marguerite Davis, wife of Guild member and former board member Robbie Davis, who has been faxing the petition across the country. As of late last week, 109 jockeys at seven racetracks had signed it.

Neither Guild President Wayne Gertmenian nor Vice President Albert Fiss returned phone calls for this story.

But Fiss told the Thoroughbred Times, a racing trade publication, that jockeys at Santa Anita Park and Calder Race Course ripped up the petition and threw it away without signing it.

Calder-based jockeys Gary Boulanger and Phil Teator said they don't believe that happened.

Jockey Paul Atkinson, based at Southern California's Santa Anita, said no one ripped up the petition and that he and other jockeys are angry about the comment because it made it appear that they were not supporting the jockeys who signed it. "I was so flipping mad," said Atkinson, "and I know of two other jockeys who flat out came out and told me it was a lie."

The Santa Anita riders are still deciding whether to sign the petition, he said.

Guild board member and Santa Anita-based jockey Kent Desormeaux said he will suggest to the Guild board that "we move to a new auditing firm," and expressed concern about how financial

questions could affect donations to the Guild's charities for permanently disabled riders. "When corporate America wants to make a donation to our disabled riders funds, for the guys who are in wheelchairs for doing what we do ... I want them to make a donation with a smile on their face knowing that money will go to the disabled riders," he said.

Ron Turcotte, the jockey who won the Triple Crown on Secretariat in 1973 and was paralyzed in a track accident in 1978, said he supports an audit of the Guild.

Turcotte said he was given false information about the Disabled Jockeys Endowment by a Guild official in August, when he appeared at a ceremony to receive \$200,000 on behalf of the charity. Turcotte said a Guild official gave him a piece of paper stating that charity had \$1.25 million in assets, which Turcotte announced on TV, only to find out later that was not true. "I feel bad that I misled the people," he said.

Turcotte, 63, said he has been trying unsuccessfully for three years for documentation of a life insurance policy he has through the Guild.

**Jockeys press Guild for financial info**

by LIZ MULLEN  
Staff writer  
Published Oct. 11, 2004 in SportsBusiness Journal

Some professional racehorse jockeys are complaining that they can't get financial information from the management of the Jockeys' Guild. Among them is a board member who says he has been trying for more than a year to find out whether something happened to a million dollars that was supposed to be in a fund for permanently disabled riders.

Many questions arose in the last few weeks as jockeys nationwide learned that Guild insurance that would have covered them for catastrophic racetrack accidents expired more than two years ago.

"There are a lot of unhappy riders, and there are a lot of people asking questions we don't have the answers to," said Eddie King, a New Jersey-based jockey who is a Guild board member and its former treasurer. The Guild represents about 1,200 jockeys nationwide.

While he was treasurer in 2002, King said, Guild President Wayne Gertmenian asked his approval to move \$1 million out of the Disabled Jockeys' Fund. King said he agreed, but became alarmed when he could not find out where the money went.

"[Guild officials] said they would find out what I was asking for, and what I was asking for was the paper trail of a million dollars," King said.

Gary Donahue, co-chairman of the Disabled Jockeys' Fund, said Guild management has not answered his requests for information about the fund, even though he is the person who approves requests for money from disabled riders. The fund pays monthly stipends of about \$300 and buys items such as wheelchairs for about 59 former jockeys who were injured in racetrack accidents.

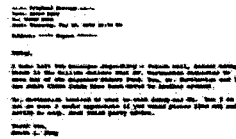
"I have made two requests [for information]," said Donahue, a former jockey who himself is paralyzed from the waist down from a 1986 racetrack accident. "I asked, 'How can I approve how much money to give to the disabled riders if I don't know what is in the account?'"

Gertmenian and other members of the Guild's management team did not return numerous phone calls placed over a two-week period for this story.

But Tomey Jean Swan, a jockey and Guild chairwoman, said the matter "has been explained to [King]." She did not say what the explanation was.

King responded that the only thing explained to him was the types of items the Guild spends money on for disabled riders, not where the \$1 million went. King added that Guild officials are now telling him the \$1 million was never moved at all.

The Guild announced plans in late 2001 to eventually replace the Disabled Jockeys Fund with the Disabled Jockeys Endowment. The endowment is not supposed to be used to pay for riders'



Click image to enlarge  
**This is one of many e-mails King said he sent to Guild board members about the \$1 million.**

needs until its assets hit \$10 million, at which point interest and earnings on the principal are expected to meet expenses. The one publicly available tax return for the endowment, filed at the end of 2002, reports assets of just more than \$108,000. David Woodcock, the endowment board chairman, said assets were at just more than \$1 million last month.

Gertmenian, in an interview earlier this year, said the Disabled Jockeys Fund account balance was "close to zero." In that interview, he said the Guild keeps putting money into the Disabled Jockeys Fund while trying to build the endowment. "It's a race against time," he said.

**Disabled Jockeys'  
Fund assets**

According to the latest publicly available tax forms, the assets of the Disabled Jockeys Fund rose steadily every year, from \$547,087 in 1997 to \$1.327 million in 2001 (see chart). But in 2002, the first full year after Gertmenian took over, the assets plummeted by almost \$900,000 to \$440,888. That was the same year King says Gertmenian asked to take \$1 million out of the fund.

Year end	Assets
1997	\$547,087
1998	\$819,188
1999	\$1,011,703
2000	\$1,215,424
2001	\$1,327,083
2002	\$440,888
2003	NA

The 2002 return for the fund does not show a transfer of \$1 million. What it does show, however, is that benefits paid out to disabled jockeys nearly quintupled from \$168,753 in 2001 to \$835,815 in 2002.

Swan said she did not know why the expenses of the fund increased by so much.

Donahue, shown a copy of the 2002 return, also could not explain the increase, although he approves the payouts. "That is curious," he said. "I really have no idea."

Source: IRS Form 990

Board member Abad Cabassa said, "There are questions out there that need to be answered that concern me, and I will do everything in my power to look into these questions and see that we get satisfactory answers."

Another board member, Hall of Fame jockey Kent Desormeaux, said, "I can just tell you that I am trying to do the due diligence needed to assure my peers that everything is as it should be."

Gertmenian, a Pepperdine University professor, and his company, Matrix Capital Associates, were installed to run the Guild after a volatile board meeting in June 2001 in which five of the nine directors signed a document replacing the former Guild president, John Giovanni. The four members who did not sign, including Hall of Fame jockeys Pat Day and Jerry Bailey, have since resigned.

The board member who led the charge to replace Giovanni, Hall of Fame jockey Chris McCarron, is no longer speaking to Gertmenian, and had a public argument with Gertmenian in the jockeys room at Santa Anita racetrack in 2003, sources said.

McCarron, now the general manager of Santa Anita racetrack after retiring from riding and the Guild, said that account is correct, but that "I would rather not discuss that other than to say I think Robert Colton was treated poorly."

Colton was another of the five-board-member group that hired Gertmenian in 2001. When he retired from riding in 2002, Colton became a Guild employee in charge of finances.

The Guild has filed a lawsuit against Colton alleging, among other things, that he made false allegations about Gertmenian at an emergency board meeting without providing any evidence.

Colton countersued, stating that he discovered financial improprieties, but could not provide evidence at the meeting because Swan, the Guild chairwoman, closed the Guild's financial records. Colton, Gertmenian and the Guild all deny wrongdoing.

Meanwhile, jockeys are in an uproar since finding out that Gary Birzer, a West Virginia rider who was paralyzed from the waist down in a July racing accident, is not covered for most of his medical bills, about \$500,000 and climbing.

Tracks provide insurance coverage of up to \$100,000. Only five states — California, New York, New Jersey, Maryland and Idaho — have workers' compensation insurance for racetrack accidents.

Well-known Kentucky-based jockey Shane Sellers announced last week that he was retiring because of the insurance issue, saying he could not play "Russian roulette" with his family's financial future.

Gertmenian told the Thoroughbred Times this month that it was "mind-boggling" that some jockeys were not informed of their insurance situation. "The whole reason the old group was asked to step aside and our group was brought in was because of the lapse in insurance coverage," he said.

Giovanni said last week that while a medical policy that covered jockeys for track accidents did lapse in 2001, he bought a special one-year policy just to cover track accident-related medical bills up to \$1 million.

After Gertmenian was installed at the Guild, he obtained a new medical policy, but it did not cover on-track accidents.

Guild employee and vice president Albert Fiss sent a letter on March 29, 2002, to general managers of all U.S. racetracks, telling them that the on-track accident policy would expire on April 1, 2002. Fiss did not return a phone call to comment on the letter, which was obtained by SportsBusiness Journal.

Although tracks were informed, many jockeys said they never got official notice that the policy was expiring.

Robbie Davis, a retired jockey who was on the Guild board in 2002, said he never recalled the Guild sending any notice to jockeys about the coverage.

Reigning Jockey of the Year Jerry Bailey said he remembers hearing through the grapevine that the policy had expired and asking Gertmenian about it during Belmont Stakes week in June 2002. "First [Gertmenian] told me, 'It's in effect,'" Bailey recounted last week. But two days later, when he asked Gertmenian the same question again, "He said, 'You are right. We are trying to reinstate it.'"

Jockeys are not the only ones asking questions of the Guild. The state of California, which has set aside money for health and welfare benefits for California jockeys, is withholding about \$1 million from the Guild until it is satisfied with a financial accounting from the organization. California recently received audits of money the Guild spent on jockeys in the state, after waiting for audits for about a year and a half, said John Reagan, senior management auditor for the California Horse Racing Board.

Reagan said California jockeys have approached him, complaining about not being able to get information from the Guild. "I think the jockeys are more concerned about the lack of information and the fact that no one will be straight with them than what the facts are."



**Jockeys questioning insurance**

by LIZ MULLEN  
Staff writer  
Published Sep. 27, 2004 in SportsBusiness Journal

The problems facing a jockey who was paralyzed in an accident at a West Virginia racetrack are raising an alarm among jockeys nationwide who have discovered that their medical bills wouldn't be covered in most states if they suffered a catastrophic injury while racing horses.

A group of top riders at Belmont Park in New York called a meeting with Jockeys' Guild representatives late last week to get information about their coverage after learning that jockey Gary Birzer's medical bills, which now total more than \$400,000, are not covered by Guild insurance.

Only five states — California, New York, New Jersey, Maryland and Idaho — have workers' compensation insurance that covers jockeys who suffer accidents on the track.

Jockeys in New York are concerned because they routinely travel to uncovered states to ride in major stake races, said Jose Santos, a New York-based jockey who won the Kentucky Derby and Preakness last year on Funny Cide.

"A lot of jockeys did not know they were not covered," said Santos, adding that he was one of them. "About half of the jockeys did not know. The reason [we found out] is because of Gary Birzer."

Rita Santos, Jose's wife and the sister of jockey Heriberto Castillo, said she called several jockeys in other states and discovered that they didn't know that they weren't covered for on-track accidents. Many expressed concern about riding in the Breeders' Cup next month at Lone Star Park in Texas. "I want all the jockeys in the United States to be aware they are riding in states with no coverage," she said.

Paul Atkinson, a Southern California jockey who has been a delegate to the Jockeys' Guild, said, "The riders in this country should be aware that they are not covered, but they're not."

Birzer, 29, was paralyzed from the waist down by a spinal cord injury when the horse he was riding July 20 in the seventh race at Mountaineer Park broke its leg and threw him. His wife, Amy Birzer, said her husband had for years paid the Jockeys' Guild \$10 for every mount he rode and thought that he was covered in case of injury. But that coverage only extends to non-work-related health issues. Guild officials said it was too expensive to get medical insurance for on-track accidents.

The Jockeys' Guild is an organization that represents 1,220 professional racehorse jockeys nationwide with the purpose of fighting for riders' rights as well as providing health insurance and other benefits. The Guild provides benefits to about 59 disabled jockeys who were injured in U.S. racetrack accidents over several decades.

Amy Birzer said Guild Vice President Albert Fiss first told her that the Guild would take care of her husband's medical bills, but later Fiss said the Guild couldn't cover the bills, after all, and refused to return her phone calls.

"I have been lied to, flat-out lied to," Amy Birzer said.

Birzer said she has since found out that although Mountaineer will pay up to \$100,000, she and her husband are on the hook for the additional \$300,000-plus, and the medical bills keep coming in.

Fiss did not return repeated phone calls. Wayne Gertmenian, president of the Jockeys' Guild, said no one from the Guild told Birzer's family that he was covered for the injury. The Birzers have health insurance through the Guild, but it does not cover on-track accidents, he said.

"What I said [to Amy Birzer] was, I will do everything I can, and I will if it has to come out of my own pocket," Gertmenian said. "I knew this day was coming and I told everyone this day was coming, and now hell comes to pay."

The Birzers are getting \$200 a week for living expenses from the Guild, but that will drop to \$250 a month once he is declared permanently disabled and starts receiving federal benefits. The Guild will then pay for medical insurance for Amy Birzer and the couple's 2-year-old daughter, but not for the jockey himself, Gertmenian said.

Gertmenian said he has been "screaming" since he took over the Guild in 2001 that jockeys in most states were not covered for such accidents.

"He hasn't been screaming loud enough," Amy Birzer said.

Birzer said it made her husband feel better to know that at least now other jockeys know about their lack of medical coverage.

"That is what I wanted," she said. "For people to know so that this won't happen again."

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### EXCLUSIVE REPORTS

From the May 14, 2004 print edition

#### NTRA wants jockey advertising issue on fast track

Liz Mullen and John R. Karman III

A Business First report

The National Thoroughbred Racing Association has pushed jockey advertising to the top of its priority list and wants tracks, sponsors, racehorse owners and jockey representatives to gather in the next few weeks to work out rules that will benefit the riders while protecting existing sponsors.

"This is a workout-able problem," said Chip Campbell, senior vice president of sponsorship sales for the NTRA, a broad-based coalition of horse racing interests charged with increasing the popularity of the sport and improving economic conditions for the industry.

The association has offices in Lexington, Ky., and New York City.

Several jockeys wore advertising on their pant legs during the May 1 Kentucky Derby at Churchill Downs. Those deals did not conflict with sponsors of the racetrack's parent company, Churchill Downs Inc., or the Triple Crown.

However, one was a competitor of NetJets Inc., a sponsor for the NTRA and the Breeders' Cup World Thoroughbred Championships, Campbell said.

NetJets, based in Woodbridge, N.J., is a private air travel provider.

Jockeys Edgar Prado and John Velazquez wore ads for NetJets rival Fort Lauderdale, Fla.-based SmartJets during the race.

"One of our sponsors was ambushed bad," Campbell said.

"I am sure they are not happy, and I wouldn't be happy either if I were them," he added, referring to NTRA sponsor NetJets.

But Chip Gesner, president of SmartJets, said he does not see a conflict. "NetJets has an agreement with the NTRA, which, to my understanding, doesn't control the Kentucky Derby," Gesner said.

He noted that a number of top jockeys have worn the SmartJets logo on their pants during some of the major horse races this spring, and there have been no complaints.

A phone inquiry to NetJets was not returned by press time.

**Churchill officials 'more than willing' to participate in dialogue**

Churchill Downs issued house rules prohibiting jockeys from wearing ads for sponsors that compete with the track's and the Triple Crown's sponsors. But Campbell said he wants to talk to tracks about honoring not only their local sponsors when developing house rules prohibiting competing advertising for jockeys, but national NTRA sponsors, as well.

He noted that NTRA sponsors help pay for putting numerous horse racing events on television during the year, and the Breeders' Cup contributes to purses of many major races at tracks across the country.

"This is something we need to get resolved before the next month," Campbell said. "We ought to have different points of view on these meetings."

Steve Sexton, president of Churchill Downs racetrack, said that representatives of all six of the tracks in the company's stable "are more than willing to participate in any of the discussions that (the NTRA) can pull together from an industry standpoint."

"We understand some of the NTRA's concerns about their existing sponsorships but also appreciate the individual or collective group of jockeys' desire to pursue sponsorship opportunities," he added.

While he said he is hopeful that discussions with the NTRA on the issue of jockey advertising will alleviate industry concerns in coming weeks, Sexton stressed that Churchill's "main focus" is protecting its own sponsors.

**Marketing agent not expecting problems during Preakness**

Kelly Wietsma, who acted as a marketing agent for eight jockeys who rode and wore advertising logos at Churchill Downs on Derby Day, said she also would participate in such a meeting.

Wietsma said she plans to get deals for some of the jockeys who will be riding in the Preakness Stakes, the second jewel of the Triple Crown, this Saturday. But she could not name specific deals last week.

Wietsma said she has talked to officials at Baltimore's Pimlico Race Course, home of the Preakness, about jockey advertising and does not anticipate a problem. Pimlico officials could not be reached for comment.

Meanwhile, the Maryland Jockey Club, which operates Pimlico, this week released a list of house rules for Preakness riders. The rules stipulate that jockeys "will be permitted to wear advertising on their breeches and neckwear, as long as it does not conflict with current advertisers and sponsors of the MJC or the Triple Crown, and must be approved at least 48 hours before the race."

Maryland Jockey Club rules also ban ads on jockeys for bail bondsmen, check-cashing services, high-risk lending services and various gaming companies.

**Wrangler representative says company supporting 'jockeys' right'**

Robin Rich, senior marketing communications manager for Wrangler Co.'s western wear division, which sponsored jockeys Jerry Bailey and Shane Sellers on Derby Day, said she would be glad to discuss the jockey advertising issue with the NTRA.

Rich said she understands the NTRA's concerns about its existing sponsors. But she added that Wrangler is "thrilled" with the exposure it has gotten through its association with jockeys, since the company designs jeans especially for horseback riding.

NTRA wants jockey advertising issue on fast track - 2004-05-17 - Business First of Louis... Page 3 of 3

"What we are doing is we are supporting these jockeys' right to be treated like athletes in other high-profile sports," Rich explained.

**Advertising seen as providing 'opportunities' for riders**

Sexton, of Churchill, said that officials with the Louisville-based horse-racing company recognize that there are "opportunities" for riders, provided advertisements don't conflict with the wishes of horse owners or an individual track's existing sponsors.

He added that Churchill officials had "a good, positive dialogue" about the advertising issue with jockeys in the weeks leading up to the Derby but had hoped to have things resolved prior to the week of the race.

"On one side, you could say the awareness helped the Derby because it was just another thing to talk about," he explained. "But, ideally, we'd be talking about the Derby itself because we had some amazing stories with (undefeated Derby winner) Smarty Jones being the obvious one."

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## Finances put jockey guild in turmoil

by LIZ MULLEN

STAFF WRITER

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A power struggle that erupted behind the closed doors of the Jockeys' Guild involves some of the nation's most famous jockeys and centers on financial problems that have left hundreds of riders competing without basic health insurance.

Hall of famer Pat Day has resigned as president of the guild, and other members of the executive board, including reigning Jockey of the Year Jerry Bailey, are considering leaving after the guild staff was ousted, the locks were changed at the Lexington, Ky., office and a new leadership group was installed.

Protesting jockeys were concerned after members of the executive board, led by all-time leading money-winner Chris McCarron, fired the longtime staff of the guild and replaced it with Matrix Capital Associates.

There was widespread dismay that the old staff let the health insurance expire because it was unable to pay premiums after a 43 percent increase.

Bailey and others said that while there was a unanimous consensus on the nine-member executive committee that changes had to be made, there was never an official vote to replace the staff with Matrix.

Bailey added that Matrix officials and its leader, Pepperdine University Professor L. Wayne Gertmenian, have refused to answer questions about their qualifications to run the multimillion-dollar organization.

"If my concerns go unanswered, I might leave the executive board," said Bailey.

Meanwhile, jockeys at the nation's horseracing tracks are riding without health insurance because they can't afford the increased price of the COBRA federal safety net insurance program, said Robert Colton, a jockey who is a member of the executive board.

Only 10 to 20 percent of 650 eligible jockeys have paid for it, Colton said.

Although racetracks provide medical coverage of up to \$100,000 for riding accidents, many small-time jockeys are in desperate need of general health insurance, Colton said. "They are calling and crying on the phone that their husband has cancer; their baby was run over; and one needs a heart operation, and they don't have insurance."

Colton and Hall of Fame jockey McCarron were part of the guild's executive committee who urged other members, during a volatile conference call on June 15, to fire the longtime staff and replace it with Matrix.

McCarron did not return repeated phone calls.

Colton said the guild board had to take a "sudden action" since the health insurance was

canceled and jockeys at some tracks stopped paying their dues.

But some board members on the conference call said the action was taken without an official vote and despite a call for more information about Matrix and Gertmenian.

Jerry Bailey was vocal, according to board member Tony Black. But other board members "tried to shoot down or discredit what Jerry was saying."

Black said he too is thinking of leaving the guild because he can't get information about Matrix and Gertmenian. "There is probably no large corporation that makes this type of important move that has the lack of information that we made it on," he said.

Day, who has been involved with the guild throughout his 27-year riding career, resigned less than a week after Matrix was brought in. "I resigned because there are distinct philosophical differences between myself and the new executive committee and that prohibits me from being a member," Day said

"I hope and pray that this company is able to do what they have convinced Chris [McCarron] they are able to do," said Day. He wouldn't elaborate further.

Bailey said, "I talked to Dr. Gertmenian himself and asked for a list of references and background material and got back one piece of paper which stated he worked for the Nixon administration, which is pretty skimpy. I asked him point-blank to provide some references and he said he could not provide them because they were confidential."

Gertmenian wouldn't provide any information to SportsBusiness Journal about himself, Matrix or his plan for fixing the guild. "I really do not wish to talk about my responsibilities at all," he said. "Our job is to see if we can't get insurance for them and we are doing the best we can."

Bailey said, "I thought that was an excellent idea ... but he didn't tell me where he was going to get the money."

Colton said he is satisfied with Gertmenian and Matrix's qualifications. He said he could not provide information on the companies he has been involved with because many are in China and Russia and he signed confidentiality agreements about his work.

But Marion McGovern, president of M2 (pronounced M squared), a San Francisco firm that brokers independent consultants, said, "The best consultants live by their last project. ... References are their stock in trade. I would be very concerned by his inability to provide references."

Gertmenian has at least a little experience in insurance. His friend and fellow Pepperdine professor, Roy Adler, said he was "the guiding force" behind a company called AmRus Life Insurance, founded in the mid-1990s to provide death benefits for Russian citizens. But Adler, who served as a consultant to AmRus, said the company never really got off the ground.

Thomas Brondum, who answered the phone at the Jockeys' Guild offices, said he is a retired Southern California aerospace company executive who was "brought in by Matrix to take control of the Jockeys' Guild."

Brondum said there was a unanimous vote of the executive board to terminate the Jockeys'

Guild staff and bring in Matrix. When told that one board member said the vote was not unanimous, Brondum said, "There was a unanimous vote that is on tape. After the vote some members started backpedaling."

Bailey, when asked again by e-mail about the vote, wrote back, "There was merely a consensus taken over the phone, no resolution, no second." He said in the earlier telephone interview that after the consensus was reached, all the members were faxed a resolution and five signed it and faxed it back. "As soon as the five signed, the Matrix Group took over."

Brondum said that Matrix is a West Coast organization of about 20 "high-powered" people with postgraduate degrees. "When a problem comes up Dr. G. pulls together a sub team and says, 'Go fix this.'"

Brondum wouldn't provide further information about Matrix, referring questions to a public relations specialist who did not provide answers to questions submitted by SportsBusiness Journal.