

No. 1984-115

AN ACT

SB 56

Amending the act of December 17, 1981 (P.L.435, No.135), entitled "An act providing for the regulation of pari-mutuel thoroughbred horse racing and harness horse racing activities; imposing certain taxes and providing for the disposition of funds from pari-mutuel tickets," providing for certain simulcasting of horse races; and defining ownership interest subject to regulation.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Sections 204 and 210 of the act of December 17, 1981 (P.L.435, No.135), known as the Race Horse Industry Reform Act, are amended to read:

Section 204. Filing of information concerning stock transfers; necessity for commissions' approval.

(a) Whenever a transfer of stock [of] *comprising an interest of 5% or more in* any licensed corporation, or [of] *comprising an interest of 5% or more in* any corporation which leases to a licensed corporation the track facility at which it conducts pari-mutuel horse races or *comprising an interest of 5% or more in any corporation* which owns 25% or more of the stock of the licensed corporation shall be made, there shall be filed, simultaneously, with the corporation which issued such stock the following:

(1) In duplicate, an affidavit executed by the transferee *of the interest* stating that he is to be the sole beneficial owner thereof, and whether or not he:

- (i) has been convicted of a crime involving moral turpitude;
- (ii) has been engaged in bookmaking or other forms of illegal gambling;
- (iii) has been found guilty of any fraud or misrepresentation in connection with racing or breeding;
- (iv) has been guilty of any violation or attempt to violate any law, rule or regulation of any racing jurisdiction, for which suspension from racing might be imposed in such jurisdiction; or
- (v) has violated any rule, regulation or order of the commissions.

If the transferee *of the interest* is not, or is not to be, the sole beneficial owner, there shall be annexed to the affidavit of the transferee, and expressly stated in such affidavit, a true and complete copy of all terms of the agreement pursuant to which the [stock] *interest in the corporation* is to be held by the transferee, including a detailed statement of the interest of each person who is to have any interest therein.

(2) In duplicate, an affidavit executed by each person for whom the [stock, or any] interest [therein,] is to be held by the transferee, setting forth whether or not the affiant:

- (i) has been convicted of a crime involving moral turpitude;
- (ii) has engaged in bookmaking or other forms of illegal gambling;
- (iii) has been found guilty of any fraud or misrepresentation in connection with racing or breeding;
- (iv) has been guilty of any violation or attempt to violate any law, rule or regulation of any racing jurisdiction, for which suspension from racing might be imposed in such jurisdiction; or
- (v) has violated any rule, regulation or order of the commissions.

To each of the affidavits shall be annexed, and expressly stated in such affidavit, a true and complete copy of all the terms of the agreement pursuant to which **[stock] the interest** is to be held by the transferee, including a detailed statement of the interest of each person who is to have any interest therein. The corporation shall file with the appropriate commission one of each duplicate affidavits.

(b) If, after the filing of any affidavit required to be filed, there shall be any change in the status of any affiant with respect to any of the matters set forth in subsection (a)(1) of the affidavit filed, the affiant shall file with the corporation with which his affidavit was so filed a new affidavit, executed by him in duplicate, setting forth the change of status and the corporation shall file one of these affidavits with the appropriate commission.

(c) Whenever any change shall be made in the amount, nature or of the interest of any person having an interest *of 5% or more* in **[stock of]** any corporation, or any new interest *of 5% or more* shall be created therein, without a transfer as provided, the record owner of the stock, and each person whose interest has been attempted to be changed or created, shall file with the corporation which issued the stock, in duplicate, affidavits as provided by subsection (a)(1) and (2), except that these affidavits need not include the matter referred to in subsection (a) unless then required pursuant to subsection (b) and one copy thereof shall be filed by the corporation with the appropriate commission.

(d) If the appropriate commission determines that it is inconsistent with the public interest, convenience, or necessity, or with the best interest of racing generally, that any person *continue* to be a stockholder of record, or the beneficial owner of any interest in stock standing in the name of another in any licensed corporation or of any corporation which leases to such licensed corporation the track at which it conducts pari-mutuel horse racing or which owned 25% or more of the stock of the licensee, the appropriate commission shall have full power and authority to order each stockholder or beneficial owner to dispose of his stock or interest within a period of time to be specified by the appropriate commission, which period the appropriate commission shall have full power to extend.

(e) If the commissions shall make any order or direction as provided in subsection (d), the person aggrieved shall be given notice of the time and place of a hearing before the appropriate commission, at which time the appropriate commission will hear the person in reference thereto.

Section 210. Shareholders.

(a) Each licensed corporation shall, *once a year*, provide the appropriate commission with a complete list of all its shareholders, indicating the number of shares by each shareholder.

(b) It shall be the duty of each licensed corporation within ten days after any transfer of stock *comprising an interest of 5% or more* in such licensee, to notify the appropriate commission of the transfer.

(c) Each certificate of stock issued by a licensed corporation *to a shareholder having a 5% or greater interest* shall have noted on the face thereof that the person whose name is indicated as the owner of **[the] such** shares of stock by the certificate is the sole and absolute owner, and that he is not holding **[the] such** shares of stock or any portion of **[the] such** shares of stock represented by the certificate in trust for any person, partnership, firm or corporation who or which is prohibited from owning **[the] such** shares of stock. If any of **[the] such** shares of stock represented by a certificate of stock are held subject to the terms of either an inter vivos or testamentary trust for the benefit of any person who could lawfully own such stock in his own name, the fact shall be noted on the face of the certificate and a copy of the instrument which created the trust shall be attached. A duplicate copy of the instrument which created the trust shall be filed with the appropriate commission.

(d) No property rights shall exist in any shares of stock of any licensed corporation which are held in trust contrary to the provisions of this section and the same shall be forfeited to the Commonwealth after reasonable notice and upon hearing and proof thereof in any suit instituted by the Attorney General of Pennsylvania. Upon it being established that the stock is subject to forfeiture by legal adjudication, the appropriate commission shall sell the forfeited stock at public sale, upon proper notice, to the highest bidder. The proceeds from the sale shall be deposited in the General Fund of the Commonwealth of Pennsylvania.

(e) As used in this section, the term "licensed corporation" shall include any licensed corporation as defined in section 102 and also any firm, association or corporation which owns or leases to any licensed association or corporation a race track at which pari-mutuel racing is conducted, or any firm, association or corporation which participates in the management of any such licensed corporation.

Section 2. Section 218 of the act is amended by adding subsections to read:

Section 218. Place and manner of conducting pari-mutuel wagering.

* * *

(d) A licensed corporation shall not accept a telephone wager from, nor establish a telephone betting account for, any person located in or residing in an area defined herein as the primary market area of a race track, other than the race track at which the licensed corporation is conducting a racing meet. Nothing herein shall prohibit the licensed corporation from accepting a telephone wager from, or establishing a telephone betting account for, any person located in or residing in the primary market area of the track at which

the licensed corporation is conducting a meet and, if two tracks share primary market area as defined herein, both tracks shall have equal rights to the market in the shared area.

(e) The primary market area of a race track, for purposes of this act, is defined as that land area included in a circle drawn with the race track as the center and a radius of 35 air miles.

Section 3. This act shall take effect immediately.

APPROVED—The 3rd day of July, A. D. 1984.

DICK THORNBURGH