

State of Arkansas

77th General Assembly

Regular Session, 1989

A Bill

HOUSE BILL

1618

By: Representative Wilkins

For An Act To Be Entitled

"AN ACT TO AMEND ARKANSAS CODE OF 1987, TITLE 23, CHAPTERS 110 AND 111 TO REQUIRE DISCLOSURE OF OWNERSHIP AND MANAGEMENT FOR RACING FRANCHISE HOLDERS SEEKING MEET DATES; TO REQUIRE DISCLOSURE OF FINANCIAL INFORMATION; AND FOR OTHER PURPOSES."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Subchapter 4 of Chapter 110 of the Arkansas Code of 1987 is hereby amended by adding a new section to read as follows:

"23-110-416. In addition to those requirements in Section 23-110-403, every application for a license for dates to conduct horse racing shall contain the following:

(a) State the name of the applicant.

(b) The applicant shall supply the following information: (If the application has a parent corporation, the same information must be submitted both for the parent and applicant corporation.)

(1) On the initial application of a franchise holder for racing dates, a certified copy of the articles of incorporation of the applicant must be attached to the application and any application for racing dates filed subsequent to the initial application and any subsequent amendments to the aforementioned articles of incorporation shall be attached thereto, so that there will be on file at the commission at all times a current copy of the applicant's articles of incorporation and amendments thereto.

(2) State the classes of capital stock authorized, the amount authorized and the amount outstanding as of the date not less than fifteen (15) days prior to the date of filing of the application. State the amount of dividends paid to stockholders during the five (5) years immediately preceding the application.

(3) State the name and address of each person who owns, of record or beneficially, more than ten (10) percent of the shares of any class of capital stock. This can be indicated in columnar forms as follows:

(A) Class of stock

(B) Type of ownership, whether of record or beneficial

(C) Amount owned

(4) Describe briefly the terms of any voting trust in which any of the capital stock is held and the name, address and class of stock for all stock held in said voting trust.

(5) Describe briefly the terms of any proxy by which any of the capital stock is held, the holder of the proxy and the name, address and class of stock for all stock held by said proxy.

(6) State whether 5% or more of the applicant's assets is encumbered by any long-term debt. If so, state the names and addresses of parties holding security interests or promissory notes from the applicant where the stock is pledged as security. Copies of such agreements shall be made available for inspection by the commission on request.

(7) Outline briefly the dividend rights, voting rights, liquidation rights, preemptive rights, conversion rights and redemption provisions. If the rights of holders of such stock may be modified otherwise than by a vote of a majority or more of the shares outstanding, voting as a class, so state and explain briefly.

(8) List the names of all directors and officers of the applicant and all persons chosen to become directors or officers and attach a personal history resume for each person named. Indicate all positions and offices with the applicant held by each person named, and the principal occupation during the past five years of each person named.

(9) List all parents of the applicant showing the basis of control and as to each parent, the percentage of voting securities owned, or other basis of control by any of its parents.

(c) (1) The applicant shall furnish to the Commission a copy of its balance sheet and profit and loss statement for the immediate past fiscal year within ninety (90) days after the close of the applicant's fiscal year. Balance sheets, profit and loss statements, and all other financial statements required herein shall be prepared, audited and certified by an independent, certified public accountant in accordance with generally accepted accounting

procedures and practices applied on a consistent basis. Any report containing exceptions of a material nature will not be considered to be certified.

(2) State all loans by applicant in excess of 1% of net income and describe fully the name of the borrower, amount of the loan, collateral, and terms.

(d) Briefly describe any pending legal proceedings to which the applicant or any of its subsidiaries or parent corporations is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted and the principal parties thereto.

(e) State if the applicant, or its directors, officers, policy-making manager or principal stockholders have owned an interest in any firm, partnership, association or corporation previously licensed by the Arkansas Racing Commission, or are now engaged in the business of racing outside of the State of Arkansas. Explain.

(f) Describe briefly and where practical state the approximate amount of any material interest, direct or indirect, of any officer, director or principal stockholder of the applicant, or any associate of any of the foregoing persons in any material transactions during the last three years, or in any material proposed transactions, to which the applicant was, or is to be a party.

(g) State generally the principal purposes for which the net income received by the applicant is intended to be used, (whether it be for payment of dividend, retained earnings for enumerated purposes or other purposes) and show the approximate percentage of the amount intended for each such purpose.

(h) State all contracts by the applicant entered into within the year preceding the date of application, and all executory contracts not otherwise described pursuant to these rules, in which the consideration exceeds \$50,000.00 and indicate the general type of contract involved and the names and addresses of the parties to the contract. A copy of any such contract shall be made available for inspection by the Commission on request.

(i) List all direct remuneration paid by the applicant and its subsidiaries, if any, during the applicant's last fiscal year to:

(1) each director and officer of the applicant whose aggregate direct remuneration exceeded \$25,000.00, naming each such person;

(2) all directors of the applicant as a group without naming them;

(3) all officers of the applicant as a group without naming them;

(4) all other persons whose aggregate remuneration exceeds \$25,000.00, naming each such person. As used in this paragraph, direct remuneration shall include salary, retirement benefits, automobiles furnished, expenses reimbursed, and all other sums paid for the benefit of the officer or other recipient."

SECTION 2. Subchapter 5 of Chapter 111 of the Arkansas Code of 1987 is hereby amended by adding a new section to read as follows:

"23-111-515. In addition to those requirements in Section 23-111-506, every application for a license for dates to conduct dog racing shall contain the following:

(a) State the name of the applicant.

(b) The applicant shall supply the following information: (If the application has a parent corporation, the same information must be submitted both for the parent and applicant corporation.)

(1) On the initial application of a franchise holder for racing dates, a certified copy of the articles of incorporation of the applicant must be attached to the application and any application for racing dates filed subsequent to the initial application and any subsequent amendments to the aforementioned articles of incorporation shall be attached thereto, so that there will be on file at the commission at all times a current copy of the applicant's articles of incorporation and amendments thereto.

(2) State the classes of capital stock authorized, the amount authorized and the amount outstanding as of the date not less than fifteen (15) days prior to the date of filing of the application. State the amount of dividends paid to stockholders during the five (5) years immediately preceding the application.

(3) State the name and address of each person who owns, of record or beneficially, more than ten (10) percent of the shares of any class of capital stock. This can be indicated in columnar forms as follows:

(A) Class of stock

(B) Type of ownership, whether of record or beneficial

(C) Amount owned

(4) Describe briefly the terms of any voting trust in which any of the capital stock is held and the name, address and class of stock for all

stock held in said voting trust.

(5) Describe briefly the terms of any proxy by which any of the capital stock is held, the holder of the proxy and the name, address and class of stock for all stock held by said proxy.

(6) State whether 5% or more of the applicant's assets is encumbered by any long-term debt. If so, state the names and addresses of parties holding security interests or promissory notes from the applicant where the stock is pledged as security. Copies of such agreements shall be made available for inspection by the commission on request.

(7) Outline briefly the dividend rights, voting rights, liquidation rights, preemptive rights, conversion rights and redemption provisions. If the rights of holders of such stock may be modified otherwise than by a vote of a majority or more of the shares outstanding, voting as a class, so state and explain briefly.

(8) List the names of all directors and officers of the applicant and all persons chosen to become directors or officers and attach a personal history resume for each person named. Indicate all positions and offices with the applicant held by each person named, and the principal occupation during the past five years of each person named.

(9) List all parents of the applicant showing the basis of control and as to each parent, the percentage of voting securities owned, or other basis of control by any of its parents.

(c)(1) The applicant shall furnish to the commission a copy of its balance sheet and profit and loss statement for the immediate past fiscal year within ninety (90) days after the close of the applicant's fiscal year. Balance sheets, profit and loss statements, and all other financial statements required herein shall be prepared, audited and certified by an independent, certified public accountant in accordance with generally accepted accounting procedures and practices applied on a consistent basis. Any report containing exceptions of a material nature will not be considered to be certified.

(2) State all loans by applicant in excess of 1% of net income and describe fully the name of the borrower, amount of the loan, collateral, and terms.

(d) Briefly describe any pending legal proceedings to which the applicant or any of its subsidiaries or parent corporations is a party or of which any of their property is the subject. Include the name of the court or

agency in which the proceedings are pending, the date instituted and the principal parties thereto.

(e) State if the applicant, or its directors, officers, policy-making manager or principal stockholders have owned an interest in any firm, partnership, association or corporation previously licensed by the Arkansas Racing commission, or are now engaged in the business of racing outside of the State of Arkansas. Explain.

(f) Describe briefly and where practical state the approximate amount of any material interest, direct or indirect, of any officer, director or principal stockholder of the applicant, or any associate of any of the foregoing persons in any material transactions during the last three years, or in any material proposed transactions, to which the applicant was, or is to be a party.

(g) State generally the principal purposes for which the net income received by the applicant is intended to be used, (whether it be for payment of dividend, retained earnings for enumerated purposes or other purposes) and show the approximate percentage of the amount intended for each such purpose.

(h) State all contracts by the applicant entered into within the year preceding the date of application, and all executory contracts not otherwise described pursuant to these rules, in which the consideration exceeds \$50,000.00 and indicate the general type of contract involved and the names and addresses of the parties to the contract. A copy of any such contract shall be made available for inspection by the commission on request.

(i) List all direct remuneration paid by the applicant and its subsidiaries, if any, during the applicant's last fiscal year to:

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- (2) all directors of the applicant as a group without naming them;
- (3) all officers of the applicant as a group without naming them;
- (4) all other persons whose aggregate remuneration exceeds \$25,000.00, naming each such person. As used in this paragraph, direct remuneration shall include salary, retirement benefits, automobiles furnished, expenses reimbursed, and all other sums paid for the benefit of the officer or other recipient."

SECTION 3. All provisions of this act of a general and permanent nature

are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision Commission shall incorporate the same in the Code.

SECTION 4. All laws and parts of laws in conflict with this act are hereby repealed.

