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Ed Fenasci  
Secretary/Treasurer  
Louisiana Horsemen's Benevolent & Protective Association  
1535 Gentilly Blvd.  
New Orleans, LA 70119

Re: Seelig, *et al.* v. La. Horsemen's Benevolent & Protective Ass'n 1993, Inc., *et al.*  
Civil District Court, Orleans Parish, Case No. 2009-13379  
Independent Counsel Engagement and Report

Dear Ed:

Please accept this letter as a supplement to my independent counsel report concerning the referenced matter dated March 22, 2010. As you know, that report addressed the following subject areas: (1) Transactions with Roughneck Construction and Handling of Insurance Proceeds; (2) Use of Video Poker Settlement Account Funds; (3) Hurricane Relief Donations; (4) Indemnification of Officers, Directors, and Other Employees; (5) Use/Misuse of LHBPA Corporate Credit Cards; (6) Workers' Compensation Insurance Program; (7) the LHBPA's Annual Meeting of Members; and (8) Bonding Requirements.

My initial report reviewed information made available to and analyzed by me concerning each of those subjects. It made recommendations and observations through the prisms of corporate best practices and the LHBPA's response to the referenced lawsuit. The initial report did not, though, directly make recommendations on the issue of whether the facts underlying the plaintiffs' allegations in the referenced lawsuit – as I presently understand them through my investigation – indicate that the LHBPA should consider bringing suit against any member of its board of directors or its executive director for the wrongdoings alleged by the plaintiffs. This supplement clarifies the initial report on that point.

Based on the facts that I investigated and as I presently understand them, I do not believe that the LHBPA should consider bringing suit against any of its board members or its executive

director on seven of the eight subject areas: Transactions with Roughneck Construction and Handling of Insurance Proceeds; Hurricane Relief Donations; Indemnification of Officers, Directors, and Other Employees; Use/Misuse of LHBPA Corporate Credit Cards; Workers' Compensation Insurance Program; the LHBPA's Annual Meeting of Members; and Bonding Requirements. As to the eighth subject matter, Use of Video Poker Settlement Account Funds, I do not recommend that the LHBPA presently bring suit against any of its board members or its executive director for the alleged wrongdoings concerning that subject. I do, however, recommend that the LHBPA thoroughly investigate those allegations and the facts that my investigation revealed.

As you know from my initial report, I reviewed records of the "Louisiana Downs Video Poker Settlement Account" (Merrill Lynch account no. 21904165). In 2008 and 2009, the following checks were issued to the LHBPA from that account:

<i>Check no.</i>	<i>Date</i>	<i>Amount</i>	<i>Memo</i>
115	February 2008	\$13,991.24	
116	April 2008	\$14,676.00	
117	June 2008	\$5,886.18	
119	August 2008	\$24,000.00	GL1114
120	August 2008	\$50,000.00	GL1114
121	October 2008	\$50,000.00	GL1114
122	November 2008	\$25,000.00	GL1114
123	December 2008	\$25,000.00	GL1114
124	January 2009	\$25,000.00	GL1114
125	July 2009	\$25,000.00	GL1114
<i>Italics Total</i>		\$224,000.00	
<b>Grand Total</b>		<b>\$258,552.42</b>	

According to Mona Romero, these 2008 and 2009 payments were to, among other things, purchase field offices for the LHBPA's Workers' Compensation and Medical Programs at racing facilities in Louisiana. As I noted in my initial report, the round whole dollar amount checks italicized above in the amounts of \$24,000.00, \$25,000.00, and \$50,000.00 are curious as they apparently reflect wholesale transfers of funds from the Louisiana Downs Video Poker Settlement Account to the LHBPA, rather than transfers for specific expenses.

The minutes of the LHBPA's Finance Committee's meeting of December 9, 2008 show that the LHBPA needed "additional revenues because of the dramatic interest rate declines which have resulted in reduced revenues and increased expenses such as legal expenses." Minutes of Finance Committee meetings and of Board meetings do not, however, reflect any discussion of wholesale transfers of funds to the LHBPA from the Louisiana Downs Video Poker Settlement Account such as those that occurred from August 2008 to July 2009. Consequently, I recommend that the LHBPA thoroughly investigate those transfers. The investigation should

include the authorizations for the transfers and the ultimate uses of the transferred funds once they were received by the LHBPA. The results of such a thorough investigation could indicate that the LHBPA should bring suit against its board members or its executive director for the alleged wrongdoings concerning the use of video poker settlement account funds. Until that investigation occurs, such a lawsuit would seem premature. I would be more than happy to undertake that investigation.

Please let me know if you have any questions or comments about this or my initial report. I am available to discuss this matter with the LHBPA at the convenience of all involved. I reserve the right to modify and or supplement my report on the basis of additional information received or knowledge gained about its subject matter.

Thank you.

Sincerely,

*/s/ Richard L. Traina*

Richard L. Traina

RLT:jdt

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