

# NEWS

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*For Immediate Release*

## TRPB Publishes Its Due Diligence Review Of Caliente Group

### **Mexican Gaming Operation Opens Its Doors and Its Books**

Mr. Eduardo Hernandez, President and CEO of México's Caliente Group, announced that the Thoroughbred Racing Protective Bureau (TRPB) has recently published a comprehensive report, summarizing its extensive due diligence review of the Mexican gaming operation. The initial announcement came in Tucson, Arizona on Thursday, December 11, 2008, during meetings of the 2008 Symposium on Racing & Gaming in Tucson, Arizona.

The published report was prepared by the TRPB for the exclusive benefit of racing associations having or considering a contractual relationship with Caliente, who are members of the Thoroughbred Racing Associations of North America (TRA) or the Harness Tracks of America (HTA). The report is also available to state and provincial government regulators responsible for racetrack oversight.

Caliente redistributes horse racing simulcast signals from major U.S. race tracks to OTB facilities throughout México and Latin America.

Hernandez said, "We are pleased that the investigative and security arm of the thoroughbred racing industry in North America thinks that we are a well run and professional company that complies with the law and works at maintaining a high level of integrity."

The TRPB report reflects a wide-ranging and in-depth review, encompassing all phases of Caliente's operations, including personal background investigations of individual corporate directors; a review of corporate procedures, policies, and technical operations; and regulatory oversight and compliance.

The TRPB review was initiated pursuant to a decision made in January 2008 by the Board of Directors of the Caliente Group to *voluntarily* undergo the due diligence examination, which focused exclusively on Caliente-owned and operated betting sites throughout the Mexican National Territory.

The general tenor of the report's findings reveals Caliente to be law-abiding, and having a long-standing record of compliance with Mexican government gaming regulatory authorities. Caliente's gaming permit-holding subsidiaries and telecommunication subsidiary were reviewed by TRPB, and found to be legitimate operations, transparent, and in compliance with government regulations. TRPB conducted a system-wide audit of all Caliente betting terminals, and determined all wagers accepted on the thoroughbred race being audited corresponded to a terminal number and terminal location as recorded within Caliente's terminal network. Additionally, Caliente was found to be actively incorporating additional processes resulting from a self-initiated, rigorous anti-money laundering compliance program.

All gambling in Mexico is conducted under the authority and supervision of the federal government's Ministry of the Interior, whose inspectors regularly audit

operations for proper banking and tax procedures. Only a registered company can hold a gaming license in Mexico.

Since 2004, the Ministry of Interior has taken action on some gaming operators, including suspending some licenses. However, neither Caliente nor any of its sites are the subject of any action involving the Ministry. Caliente has never been fined by the Ministry, nor has it ever had to pay a penalty for non-payment of taxes.

Arturo Alemany, President of MIR, Caliente's U.S. representative said, "In fact, we have received a clean bill of health from the TRPB's latest due diligence report. We had been reviewed in the late 90's by a group of respected personalities from the U.S. Justice Department. Their reports were also positive and confirmed our good standing."

"Beginning in August of 2007 we took significant steps to promote the integrity and transparency of our entire business operation", said CEO Hernandez.

In August 2007, Caliente voluntarily formed a Compliance Committee headed by former FBI agent, Mr. Tim McNally. Mr. McNally has a respected resume, having had similar duties while leading the Legal Department of the Hong Kong Jockey Club for a period of 5 years.

In January 2008, the Caliente leadership, acting on the advice of their Compliance Committee, initiated an Anti-Money Laundering Program (AML), hiring Corporate Risk International (CRI), a respected U.S.-based audit firm.

By January 2008, the Board of Directors of the Caliente Group had *voluntarily agreed* to undergo a due diligence examination, conducted by TRPB, on behalf of its TRA corporate membership.

The report stated that, while conducting its review of Caliente's business operations, "TRPB [had] been provided complete access to Caliente's executive and managerial staff, operational and technology facilities, remote betting locations and internal records as requested."

A review of appropriate public records in both the U.S. and Mexico was conducted, as were reviews of all public records for Caliente's directors, including its owner, Mr. Jorge Hank Rhon.

The TRPB made three separate visits to various Caliente facilities. In total, 37 Caliente Race & Sports Book operations were visited as the TRPB conducted inspections and reviews, along with a full-scale audit of Caliente's wagering network at its Operations Center in Tijuana, México.

"We have consistently tried to go above and beyond what is expected by regulations", said Alemany. "As an example, we offer internet wagering on race and sports books to residents of countries where it is legal. Though not mandatory, we have installed geo-location software to prevent internet transactions for either the U.S. or Canada, where such wagering is illegal".

The TRPB report did not formulate or make any recommendations regarding establishing, maintaining or amending any contractual relationship to the member tracks and associations of the TRA or HTA, but rather has left that each racetrack's discretion.

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