

# Fantasy Lane Thoroughbred Racing Stable, LLC

## Fantasy Lane Stable 2014 Three-Year Old Program "A"

### Mr. Greeley –Princess Sequoia

1. Fantasy Lane Thoroughbred Racing Stable LLC (herein referred to as FLS) 2014 Three-Year Old Program is a Delaware Limited Partnership involving the purchase of one (1) unraced 3 YO chestnut filly foaled on March 7, 2011 by MR. GREELEY out of the dam PRINCESS SEQUOIA.
2. There is the grand total of thirty (30) full Shares (90% Interest) in this FLS 2014 Partnership. We plan to raise the grand total of \$60,000 in Capital which shall include all commissions.
3. No other current FLS horses or Partnerships are included in this offering. There is no limitation on the number of shares a Member/Limited Partner can elect to purchase. Once the 30 full shares are sold this syndicate is closed.
4. This is not a stock, a security, nor a bond; and, should not be construed as one. All thoroughbred racehorses are living breathing animals as there is absolutely NO guaranteed Return on Investment (ROI).
5. Participation in this 2014 3 YO Program Partnership or thoroughbred racing in general, involves a very high degree of risk. A racehorse could be injured, die and/or never make it to the races.
6. The purpose of this FLS 2014 3 YO Program is to purchase one (1) 3 YO thoroughbred with the express intention to race. If the full \$60,000 in capital is not entirely utilized in the purchase of said horse the balance of funds shall offset training expenses until nearly exhausted.
7. There is the possibility, for whatever reason, that the horse may never race. This may be due to an unforeseen injury. Should this occur the Member/Partner acknowledges by way of this Agreement that the horse may be bred and/or retired and that other expenses may incur. Although we have attempted to cover most contingencies FLS is unable to cover all in this Agreement.
8. Each full (1) Share in Partnership has a cost of two-thousand dollars (\$2,000) and represents a 2.99% interest.
9. Half (1/2) Shares are available at a cost of one-thousand dollars (\$1,000) and represent a 1.5% Interest.
10. Quarter shares (1/4) are available for five hundred dollars (\$500) and represent a 0.75% Interest.
11. Purchases of these shares are as a Member/Limited Partner and pertain only to this specific 2014 3 YO Program and not to any other FLS syndicates or horses. If this partnership is not sold-out by August 15, 2014 all funds may be returned, without interest, upon written demand.
12. No oral promises or explanations arising from the FLS Website, Brochure, Cover Letter, E-mail, Personal Phone Conversations, or Otherwise, shall alter the written terms of this Agreement. The literature and/or conversations are for explanatory purposes only to provide an overall guide as to the intentions of this FLS syndicate.
13. The General Manager (GM) in the singular tense represents the management team. When referred to in this Agreement it shall represent the entire management interest. For the protection of all Member/Limited Partner(s) after five (5) days from the date of purchase, there are no provisions in this Agreement for any refunds or re-sale of Interests. Upon making a reservation all funds are due in full by personal check within one week (7 days).

14. FLS 2014 3 YO Program %A+ Partnership commences on or about May 13, 2014 and terminates when the horse is sold, claimed, dies, retired from racing, or ceases to be a broodmare, whichever comes last.
15. It is entirely possible that this %B YO+filly shall retire from racing and become a broodmare at which time this contract shall still remain entirely in full force.
16. Each Member Limited Partner owning one full share is responsible for the life of this Agreement for 3.33% of the total expenses.
17. Members/Limited Partner(s) owning a half-share is responsible for 1.667%.
18. And, Members/Limited Partner(s) owning a quarter-share is responsible for 0.833%.
19. Invoices totaling \$24,000 {the cost of approximately 5-6 months training shall be sent out when the Operations Account has approximately \$5,000 remaining in it. Upon receipt of an invoice the limited partner has one (1) week {7 days} to submit full payment as our vendors must be paid in a timely manner. Training expenses in this 2014 3 YO Partnership %A+ are to be paid in advance every 5-6 months.
20. It is estimated each Member/Limited Partner(s) owning one full-share shall pay \$800 per horse approximately every 5-6 months;
21. Those owing a half-share shall pay \$400 per horse approximately every 5-6 months;
22. Those owning a quarter-share shall pay \$200 per horse every 5-6 months.
23. If funds remain from the original Capital (\$60,000) the Member/Limited Partner(s) will not be asked to make/contribute any additional funds for training expenses until approximately \$5,000 remains in the Operation Account.
24. Expenses are defined as everything normally associated to purchase, train, and properly care for the horse(s), including, but not limited to, training, travel, food, lodging, purchasing the horse, advertising, equipment, silks, veterinary care, transportation, win photographs, entry, nomination fees, administration fees, accounting, phone, mailings, stamps, office supplies, bloodstock agent/trainer commissions of 5%, and mortality insurance (if purchased). Each partner owning a full share shall pay \$10 per month for administration fees; half share partners \$5 per month; and, quarter share partners \$2.50 per month. Said fees shall be deducted from the Operations Account.
25. On this particular %B YO+filly we currently do not plan to purchase mortality insurance. This does not preclude the limited partner from purchasing his/her own mortality insurance at his/her own expense up to the amount of your investment.
26. Management reserves the right to either purchase or cancel mortality insurance at our complete discretion {General Manager's decision}.
27. Should this occur the Member/Limited Partner(s) may or may not receive written notification.
28. The Member/Limited Partner(s) reserves the exclusive first right to purchase this horse if and when the horse is offered for sale by the General Manager. Upon notification, the Partner has five (5) days to elect to notify the General Manager of his/her intention to purchase.
29. If more than one Member/Limited Partner(s) exercises his/her option, an auction shall ensue, with the highest bidder awarded the horse(s). If bids are equal then the GM has the right to decide.

30. The General Manager maintains sole exclusive authority to operate the lifetime management of the horse without any interference whatsoever from the Member/Limited Partner(s).
31. The General Manager maintains sole exclusive authority for all decisions if and when to sell.
32. The General Manager maintains sole exclusive authority as to when and where to enter and race.
33. The General Manager maintains sole exclusive authority to make all customary and reasonable decisions required in the day-to-day management of the horse.
34. Any violation of paragraphs #30, #31, #32, & #33 shall result in an immediate forfeiture of the limited partner's holdings.
35. The General Manager shall receive at the time of purchase a ten percent (10%) commission estimated at \$3,500 based on an actual purchase price \$35,000 for the horse; and again, also if and when the horse is later sold.
36. The bloodstock agent, trainer Ed Coletti, Sr., shall receive a (5%) commission estimated at \$1,750.
37. The GM shall also receive a ten percent (10%) equity interest in the FLS portion of the horse including; but not limited to, ten (10%) percent of all FLS purse earnings as management compensation.
38. The General Manager shall establish and maintain a bank account with an FDIC insured commercial bank. Any unused Operation funds remaining at the conclusion of this Agreement shall be returned 100% pro-rata to the Limited Member/Partner(s).
39. The limit of liability to the General Manager shall be no greater than that of the investment at the time of purchase by the Member/Limited Partner less any distributions received by the Partner(s).
40. The General Manager shall be held harmless and indemnified for any and all claims and/or litigation. Both parties agree to settle any and all disputes via binding arbitration in a venue selected by FLS management. The funds for the General Manager to retain counsel and be indemnified will be taken from and paid by the Operations Account.
41. If any limited partner wants to arbitrate/litigate against a limited partner for violating the terms of this Agreement by bringing an action he/she can do so individually; but at his/her own expense. The General Manager shall not be entitled to any award.
42. Limitations on Arbitrations: If either party elects to resolve a claim thru arbitration, that claim will be arbitrated on an individual basis. There will be no right, nor authority for any claims to be arbitrated on a Class Action basis, nor on bases involving claims brought in a purported representative capacity on behalf of other limited partners or persons similarly situated.
43. By way of this Agreement, only one attorney can represent an individual limited partner. Said attorney cannot represent multiple limited partners, nor persons similarly situated as it shall be considered a conflict of interest. Each limited partner must retain his/her own individual representation. Likewise, no attorney from the same law firm may be retained by the limited partner.
44. Conversely, the General Manager and the other limited partners can be represented by one attorney should another limited partner bring an action against FLS and/or its agents, representatives, including, but not limited to, the General Manager.
45. In the event of the untimely death of the Member/Limited Partner(s) his/her share shall revert to the Estate or the designated beneficiary of the deceased.
46. All Member/Limited Partner(s) reserves the right to sell or gift their Interest at any time. The new Assignee must agree to abide by all of the terms in this Agreement. The selling Member/Limited Partner(s) must notify the General Manager in writing before making any sale.

47. The Member/Limited Partner(s) will then be notified and have the exclusive right for 7 days to match the price and purchase the Interest. If more than one Member/Limited Partner(s) elects this option, an auction shall ensue with the highest bidder awarded the right to purchase the Interest.
48. Periodically, anticipated semi-annually, accumulated net purse earnings in excess of \$24,000 per horse (approximately 5-6 months training expenses) shall be distributed to the Member/Limited Partner(s).
49. Net purse earnings are defined as earned purses less the customary fees to the trainer of 10%, jockey (10%), groom (1% on wins) and win photographs.
50. If the horse is fortunate to be of stakes caliber, then nomination, entry & starting fees will be deducted from purse earnings as part of expenses.
51. Whenever the trainer employs more one than Assistant Trainer it is customary and reasonable for the Trainer's Fee to be 11% on all purses earned.
52. Should the horse be sold privately resulting in a profit, the selling trainer shall receive 10/11% of the sale price.
53. Should the horse be syndicated after his racing career is over, or a portion sold for racing purposes, the Member/Limited Partner(s) shall maintain his/her pro-rata percentage of ownership should the horse be sold to outside Interests.
54. **{I.E}** .. If 50% of the horse is sold, then the Member/Limited Partner(s) overall ownership percentage would likewise be reduced by an equal amount of 50%.
55. In this **hypothetical illustrated example**, a Member/Limited Partner(s) owning one full share would then have his/her Interest percentage reduced from 2.99% to a half-share 1.5%.
56. Member/Limited Partner(s) owning one-half {1.5%} share would likewise have his/her holdings reduced by 50% down to .75%.
57. And those owning a quarter-share {0.75%} would be reduced down to 0.375%.
58. In the future, should a percentage of this filly be sold to outside interests in which she becomes a broodmare; should FLS retain an interest, part or all of the funds received from said sale will be retained to offset broodmare expenses, including but not limited to, advertising, veterinarian expenses, stud fees, transportation, nomination, commissions,; and, boarding.
59. There is the possibility that FLS Management shall decide to keep 100% of this filly to breed.
60. If so Paragraph #46 is applicable as the limited member/ partner can decide to sell his/her interest at any time. This will be a completely private transaction that shall not involve FLS.
61. If and when a foal is sold, net proceeds from a private sale or auction will be distributed pro rata to each limited partner based on his/her adjusted holdings {percentage} at the time of sale.
62. The Member/Limited Partner(s) shall be notified (on a best attempt basis) usually two (2) days prior to a race, by e-mail each time the horse is scheduled (entered) to race.
63. If required, the Member/Limited Partner(s) at his/her own expense must pay to be individually licensed, or pay any State for Member/Partnership fees. Most State Racing Commissions require ownership Interest of greater than 5% to be licensed.
64. The only exception to Paragraph #63 {to our knowledge} is the State of New York where the limited partner must be licensed if he/she owns an interest of 3% or greater.

65. The Member/Limited Partner(s) is required for the entire life of this Agreement to contribute additional funds for all expenses. Any shortfalls will not be responsibility of the General Manager.
66. If after three (3) notices {2<sup>nd</sup> notice shall be 7 days after the first, with the 3<sup>rd</sup> notice 7 days after the 2<sup>nd</sup> }; if the funds are still not forthcoming, the Member/Limited Partner(s) acknowledges that he/she shall forfeit his/her ownership Interest in the horse but shall still remain liable for the funds which are due.
67. Should the General Partner find it necessary to invoke Paragraph #66 the share will be offered for sale to all other limited partners. Should no one wish to purchase said share it will be divided up prorata among all the remaining limited partners. All limited partners will then be responsible for the delinquent expense prorata; but likewise, have their percentage holdings in the horse also increase prorata.
68. The General Manager through his Certified Public Accountant {CPA} shall provide to the Member/Limited Partner(s) a K-1 for tax reporting on or before March 31, 2015.
69. Fantasy Lane Stable Inc. does not offer tax advice as that responsibility is solely up to the individual Member/Limited Partner upon the advice of his/her own tax adviser CPA.
70. The Member/Limited Partner(s) upon notification shall have the exclusive right to enroll in the next Syndicate for 7 days prior to it being offered for sale to the General Public.
71. Although every attempt has been made to cover all contingencies, should a situation occur not covered by this Agreement, the General Manager maintains the sole exclusive authority to make any and all changes deemed necessary as well as to adjudicate any and all disputes in a customary and reasonable manner.

I am over the age of 18 and have completely read and comprehend the terms of this Agreement. I wish to purchase \_\_\_\_\_ Interest(s) as a Member/Partner in the Fantasy Lane Stable (FLS) 2014 3 YO Partnership %+. I fully agree to abide and comply with the terms and conditions as set forth within this Agreement. I enclose my check in the amount of \$\_\_\_\_\_.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Member/Partner

Signed before me this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

(seal)

\_\_\_\_\_  
Notary Public

Accepted By on behalf of Fantasy Lane Stable, Inc.:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Robert L. Hutt, General Manager

Please provide the following information for our records.

FULL NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

CITY \_\_\_\_\_ STATE: \_\_\_\_\_ ZIP: \_\_\_\_\_

TELEPHONE:

Day: (\_\_\_\_\_) \_\_\_\_\_

Evening: (\_\_\_\_\_) \_\_\_\_\_

Cell: (\_\_\_\_\_) \_\_\_\_\_

Fax: (\_\_\_\_\_) \_\_\_\_\_

E-MAIL: \_\_\_\_\_

SOC. SECURITY # \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

**PLEASE SCAN & EMAIL TO: [TFCG1@AOL.COM](mailto:TFCG1@AOL.COM) OR MAIL TO:**

**FANTASY LANE THOROUGHBRED RACING STABLE LLC  
166 Weed Avenue  
Staten Island, New York 10306**