

CALIFORNIA HORSE RACING BOARD
1010 HURLEY WAY, SUITE 300
SACRAMENTO, CA 95825
(916) 263-6000
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NOTICE OF PARI-MUTUEL OPERATIONS COMMITTEE MEETING

Notice is hereby given that a meeting of the **California Horse Racing Board's Pari-mutuel Operations Committee** will be held on **Wednesday, January 22, 2003**, commencing at **10:00 a.m.**, at the **Holiday Inn, 924 Huntington Drive, Monrovia, California**. Non-committee members attending the Board's committee meeting may participate in the public discussion, but shall not participate in any official committee vote or committee executive session.

A G E N D A

1. Report by representatives of Magna regarding **the details of the "television buys" for the current Santa Anita meet.**
2. Staff report on the **review of cancellation times and policies** for California and out of state simulcast wagering locations.
3. Discussion and action by the Committee on the **matter of the timing of the stop-betting signal sent by the California tote to out of state simulcast locations.**
4. Report by Autotote representatives regarding the operation of the current **scanning method used for "Pick" wagers including a discussion of the efforts to include the alternate runner option in future updates of the software.**
5. Discussion and action by the Committee on the proposal to add a **new wager – Beat the Favorite** – to the list of CHRB approved wagers.

Further information regarding the committee meeting may be obtained from John Reagan, Senior Management Auditor, at the CHRB Administrative Office, 1010 Hurley Way, Suite 300, Sacramento, California, 95825; telephone (916) 263-6000 or fax (916) 263-6042. A copy of this notice can be located on the CHRB website at www.chrb.ca.gov

PARI-MUTUEL OPERATIONS COMMITTEE

Commissioner Alan W. Landsburg, Committee Chairman
Chairman Roger H. Licht, Committee Member

Date of Notice: January 10, 2003

**STAFF ANALYSIS
REPORT BY MAGNA ON TELEVISION
BUYS FOR THE CURRENT SANTA ANITA MEET**

**PARI-MUTUEL OPERATIONS COMMITTEE MEETING
JANUARY 23, 2003**

Background:

Representatives of the Magna organization will update the Committee on their continuing efforts to provide television coverage for their racing product.

Recommendation:

Staff recommends that the Committee hear from representatives of Magna.

**STAFF ANALYSIS
REVIEW OF CANCELLATION DELAY POLICIES
THROUGHOUT THE CALIFORNIA SIMULCAST NETWORK**

**PARI-MUTUEL OPERATIONS COMMITTEE MEETING
JANUARY 23, 2003**

Background:

Recent reviews of unusual wagering patterns have resulted in numerous audits of out of state wagers into California pools. One aspect of these reviews focused on the differences in the cancellation delay policies among the many participants in the simulcast-wagering network. Attached is a letter from Autotote outlining many of the simulcast sites connected to the California system and the cancellation delay times that the out of state systems have built into them. Although a majority of the systems have times of five seconds or less, some have cancel delays of eight to ten seconds. In most cases, these times are required by various labor agreements.

Recommendation:

This item if for information and discussion.

AUTOTOTE

100 Bellevue Road
Newark, DE 19713

John Reagan
California Horse Racing Board
1010 Hurley Avenue
Suite 300
Sacramento, CA 95825

Dear John:

Here is the list of Out of State Import associations and their cancel delays that you requested:

For Santa Anita, Hollywood park, Del Mar, Fairplex, Golden Gate, Bay Meadows, Cal Expo and the Racing Fairs, we have the following delays:

Aqueduct	0 Sec	Hawthorne	0 Sec	Oregon Hub	0 Sec
Arapahoe Park	0 Sec	Hazel Park	0 Sec	Penn National	5 Sec
Arlington	0 Sec	Hialeah	0 Sec	Philadelphia	4 Sec
Atlantic City	5 Sec	Hollywood Park	4 Sec	Plainridge	0 Sec
Bay Meadows	4 Sec	Hoosier Park	0 Sec	Pompano Harness	0 Sec
Birmingham	0 Sec	Horseman's Park	10 Sec	Prairie Meadows	0 Sec
Blue Ribbon	0 Sec	Ireland	0 Sec	Raceway Park	0 Sec
Calder	5 Sec	Keeneland	0 Sec	Racing Services	3 Sec
Canterbury	0 Sec	Kentucky Network	0 Sec	Ruidoso Downs	0 Sec
Capitol OTB	10 Sec	Las Vegas	0 Sec	Sam Houston	0 Sec
Catskills OTB	5 Sec	Les Bois	0 Sec	Santa Anita	4 Sec
Chicago Night's	0 Sec	Lewiston OTB	0 Sec	Scotwinc Hub	4 Sec
Connecticut	5 Sec	Lonestar	0 Sec	Southland GP	0 Sec
Corpus Christi	0 Sec	Maryland Jockey	10 Sec	Sunland Park	0 Sec
Dairyland	0 Sec	Meadowlands	5 Sec	Tampa Bay	0 Sec
Del Mar	4 Sec	Michigan Hub	0 Sec	The Meadows	7 Sec
Delaware Park	8 Sec	Mountaineer Park	8 Sec	Turf Paradise	8 Sec
Emerald Downs	0 Sec	Nassau OTB	0 Sec	Western OTB	0 Sec
Euro Off-track	0 Sec	New England Hub	10 Sec	Wichita KC	0 Sec
Evangeline Down	0 Sec	New York City OTB	0 Sec	Woodlands KC	0 Sec
Finger Lakes	10 Sec	Oaklawn Park	7 Sec	Yavapai	8 Sec
Gulf Greyhound	0 Sec	Ohio Hub	0 Sec		
Gulfstream	3 Sec	Oregon Call Center	0 Sec		

Los Alamitos has somewhat different settings:

Atlantic City 5 sec - (manually stops betting with 1st horse in the gate.)
Connecticut OTB 5 sec - (manually stops betting with 1st horse in the gate.)
All others are at zero seconds, with stop betting occurring at the opening of the gate.

I understand that the sites with 10-second delays may have these delays written into labor contracts. Also, in my experience, jurisdictions that allow or require 'double hopping' to consolidate pools before transmitting out of state cause greater delays than the current cancel delays.

Sincerely,



Marvin Fortman
Operations Manager, Western District

**STAFF ANALYSIS
DISCUSSION ON THE TIMING OF STOP BETTING
SIGNALS TO OUT OF STATE SIMULCAST LOCATIONS**

**PARI-MUTUEL OPERATIONS COMMITTEE MEETING
JANUARY 23, 2003**

Background:

Drastic changes in the final odds for races in California that occur in the last odds few cycles have been noted and discussed at length by industry members as well as the industry press. Various "remedies" have been suggested for these last second odds changes that cause so much consternation about a segment of the California fans. One such suggested remedy is to close wagering by some out of state locations a minute or two earlier than the rest of the wagering network. Current tote software allows some selectivity in programming the stop-betting signal that is sent out by the tote at the California hubs.

This item was placed on the agenda to bring about a discussion on this timely and important subject.

Recommendation:

Staff recommends that the Committee hear from industry representatives on this issue.

STAFF ANALYSIS
UPDATE FROM AUTOTOTE ON THE NEW LEVEL OF SECURITY
SOFTWARE FOR THE SCAN OF PICK BETS

PARI-MUTUEL OPERATIONS COMMITTEE MEETING
JANUARY 23, 2003

Background:

As a result of the manipulation of the Breeders' Cup Pick Six pool, the totalizator companies upgraded the Inter-Tote Protocol software with regard to the "scan" of the Pick pools. Autotote representatives will report to the Committee on the success of that effort for California and its simulcast network as well as addressing the continuing question about the return of the alternate runner option.

Recommendation:

Staff recommends that the Committee hear Autotote and other interested parties on this issue.

**STAFF ANALYSIS
BEAT THE FAVORITE**

**PARI-MUTUEL OPERATIONS COMMITTEE MEETING
JANUARY 23, 2003**

Background:

Mr. James Quinn, a noted Southern California horse player, has developed an idea for a new wager. He has named the wager "Beat the Favorite" because the concept of the wager is to select at least three winning runners (in at least three consecutive or non-consecutive races on a card) in which the winning runner was not the "betting" (post time) favorite.

Details for the proposed wager have been submitted to Board staff and are included here as a starting point for a discussion on the merits of the wager as well as suggestions for possible amendments for a draft regulation. If the Committee feels there is enough interest in the wager by race tracks and/or racing fans, then it may direct staff to bring back to a future Committee meeting a draft regulation for further review.

Recommendation:

This item is for information and discussion.



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December 23, 2002

F. Jack Liebau
President and General Manager

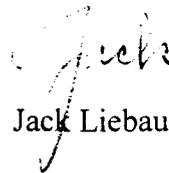
Mr. John Reagan
Senior Management Auditor
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, California 95825

Dear John:

Santa Anita hereby requests that further discussion of the proposed pari-mutuel wagering game **Beat The Favorite** be added to the agenda of the next meeting of the California Horse Racing Board's Pari-Mutuel Operations Committee.

I intend to represent Santa Anita Park and Magna Entertainment Corporation on the matter. We believe the innovative game has the potential to create public interest in Thoroughbred racing and will recommend its inclusion to the state's wagering menu.

Sincerely,



Jack Liebau

JL:mr

BEAT the FAVORITE

^{is}
BEAT the FAVORITE was developed by James Quinn, Ph.D., a noted Southern California horse player and author of ten books on handicapping. In addition to his writing and wagering abilities, he serves as a consultant to Santa Anita Park in player development and customer education.

This wager is a culmination of Jim's thoughts and personal experience regarding the development of a wager that combines a simple concept (beating the favorite) with multiple complex wagering strategies and opportunities, resulting in a daily potential winning payoff greater than all but the largest pick six carryovers.

BEAT the FAVORITE Rules and Regulations

1.0 BEAT the FAVORITE is not a parlay and has no connection with or relation to any other par-mutuel pool, nor to any win, place and show pool shown on the totalisator, nor to the rules governing the distribution of those other pools.

2.0 The BEAT the FAVORITE pool consists of selections to win only in three or more races, consecutive or non-consecutive, on a racing program. The base cost of a ticket is \$1 for the selection of one horse in three or more races. The cost of a ticket containing multiple selections is calculated by multiplying the number of horses selected in each race, which is equal to the number of combinations selected.

3.0 The BEAT the FAVORITE ticket shall designate the winning horse in each of the three or more races. The winning horse in any of the races must not be the betting favorite. If the betting favorite wins any of the races on the ticket, the ticket is eliminated for consideration of the net pool to be distributed pursuant to 5.0.

4.0 Horses constituting an entry or the field of coupled horses in a race involving the BEAT the FAVORITE pool shall race as a single wagering interest. However, if any part of either an entry or field is scratched from the race, the remaining part of the entry or the field shall remain as the designated selection to win and the selection shall not be deemed a scratch.

5.0 The BEAT the FAVORITE pool shall be calculated as follows:

5.1 The takeout for the BEAT the FAVORITE pool is ^{20.18}~~21.00~~%.

5.2 One hundred percent (100%) of the net pari-mutuel pool shall be distributed to the bettor(s) having the highest win mutuel totals when the non-favorites on a ticket that are winners are totalled. If no BEAT the FAVORITE ticket has a non-favorite that wins and thereby provides ticket holders with a pari-mutuel score, the pool shall not be distributed and instead shall be carried over to the next racing date of the association. In the event the pool is carried over on the final racing date of an association's meeting, the BEAT the FAVORITE carryover pool shall be distributed on the first racing date of the association's next meeting.

5.3 If more than one winning ticket has the same pari-mutuel score, the number of winning tickets is divided into the net BEAT the FAVORITE pool, such that ties shall share equally in the payoffs.

6.0 In the event of a dead-heat where both horses are the favorites as evidenced by an equal amount of money wagered to win on them in the win pool, all tickets that include the race are eliminated. If neither horse is the favorite, all tickets that have selected either horse shall obtain a score equal to the win payoff of such dead-heated selected horse, or if both dead-heated horses are selected, a total of both win payoffs. If one of the horses in a dead-heat is the favorite and the other is a non-favorite, the tickets that have selected the non-favorite horse shall obtain a score equal to the win payoff of that horse and all other tickets that included the race are eliminated.

7.0 If the favorite wins, but is disqualified, the wager remains in play and all tickets in the BEAT the FAVORITE pool that have selected the horse that is awarded the victory shall obtain that horse's win payoff as a score. If a non-favorite wins, but is disqualified and the favorite is awarded the victory, all tickets that have included the race are eliminated.

8.0 If a player has selected only three races and a late scratch eliminates one of those races because of a single selection in that race, the bet is nullified and the player obtains a refund in the amount of the wager.

9.0 If a player has selected more than one horse in a race having a late scratch, all combinations encompassing the scratched horse will be refunded. The other horses will represent the player's selections in the race. If the favorite wins, all tickets that include the race are eliminated, except those containing the combinations with the scratched horse, which are refunded.

For example, if the player's BEAT the FAVORITE ticket is a 2 x 2 x 4 and one selection in the race having four selections is scratched, the player's refund is \$4.00 (2 x 2 x 1). The ticket in play is now a 2 x 2 x 3 or 12 combinations. If the favorite wins the race having three selections, the 12 combinations are eliminated from the pool and the player obtains a \$4.00 refund.

10.0 If a player has selected four or more races and a late scratch occurs in a race having a single selection, the number of races represented on the BEAT the FAVORITE ticket is reduced by one, N-1. No refunds are distributed.

For example, if the player's ticket encompasses five races, $3 \times 2 \times 1 \times 2 \times 3$ or 36 combinations and the single selection is a late scratch, the ticket is now $3 \times 2 \times 2 \times 3$ or the same 36 combinations.

11.0 If fewer than three races have been run and the remainder of the racing program is cancelled, the BEAT the FAVORITE pool is refunded to all holders of BEAT the FAVORITE tickets in the amount of the respective wagers.

12.0 If three or more races have been run and the remainder of the racing program is cancelled, BEAT the FAVORITE tickets encompassing the cancelled races shall be refunded. Winning tickets encompassing races that have been completed shall be paid from the net BEAT the FAVORITE pool according to 5.0.